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# Allstate Introduces Non-Can Auto BI In Illinois, Ohio

## Guarantees Renewability Up To Five Years, Based On Length Of Time Insured

Allstate last weekend announced it is introducing non-cancellable and guaranteed renewable auto liability insurance in Illinois and Ohio, effective May 11.

The plan guarantees the liability coverages in force 90 days or more under Allstate's "Crusader" auto policy will be continued in effect through the remaining term and for a further period of from one to five years. After this period the renewal of such policies will be for an additional five years, according to current plans. Assigned risk insured are not included.

**Insuring 330,000 In Illinois**

New Allstate auto BI policyholders also will receive their policy guarantee after their insurance has been in force 90 days. The company insures more than 330,000 motorists in Illinois and 185,000 in Ohio. Results of the plan in those states will be studied carefully, but the company gave no information on the possibility of expanding the program to additional areas.

BI and PDL coverages automatically will be placed on non-cancellable status May 11 and will receive guarantees of renewal for periods of from one to five years, depending on the length of time with Allstate.

The plan is subject to several conditions: The policyholder must pay his premiums; the guarantee agreement is voided by the policyholder or resident of his household being convicted or forfeiting bail for driving while under the influence of intoxicating liquor or narcotic drugs, hit and run driving, homicide by a motor vehicle, driving with a suspended or revoked driver's license, or auto theft; of giving false information in obtaining a driver's license, making untrue statements when obtaining insurance, or failure by the policyholder to assist the company in defending a case against him.

**Cancelled Press Conference**

Allstate intended to announce its non-can auto plan at a press conference May 5, but it was cancelled "because a number of reporters pressed us for information" and the release date was advanced.

A "good driver discount plan" for Illinois also is going into effect. This will lower rates for accident-free drivers and increase rates of drivers who have chargeable accidents under the plan.

Only an accident resulting in a payment of $50 or more under the liability coverages will be charged as an accident. However, accident-free drivers have their premium rates reduced for collision coverage, as well as for liability coverages.

In the Allstate plan, premiums are not increased because of a traffic violation. Allstate has a driver discount Plan in several other states.

# Crop-Hail Assn. Takes Responsibility Of Rain Insurance

Responsibility for rates and forms of rain insurance has been taken over by Crop-Hail Insurance Actuarial Assn. of Chicago from Inter-Regional Insurance Conference. The change was authorized by the executive committee of Crop-Hail Assn. at the annual meeting in December, and already filings have been approved in all states except Michigan, Kansas and Mississippi. In Missouri, North Carolina and Virginia, Crop-Hail Assn. is acting as an advisory organization only, and the rating bureaus are handling rate filings.

**Formal Title Given**

The formal title of this type of insuranceiis Rain Insurance on Public Events, Business Ventures and Private Proceedings. It is a line that has been largely neglected for a number of years and now produces an annual premium volume of approximately $300,000. Back in the 20s, rain insurance accounted for as much as $4½ million a year. There is a substantial potential in rain insurance, however, based not only on what was done 30 or so years ago, but on developments

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# Cobb President Of Hawkeye-Security

William L. Cobb has been advanced from executive vice-president to president of Hawkeye-Security to succeed Alex R. Nelson who has been named vice-chairman.

William L. Cobb

Mr. Cobb began his career in 1931 as a claims adjuster for Southern Surety and was later with Ohio Casualty in a similar capacity. Subsequently he went with Travelers Mutual Casualty as a branch manager. In 1935 he joined Hawkeye Casualty, predecessor of Hawkeye-Security, and in 1947 he became vice-president of Hamilton Fire and of Industrial, subsidiaries of Financial General, parent of Hawkeye-Security.

Mr. Cobb is a vice-president of Financial General; president and treasurer of Northeastern; and president of United Security, National Insurors & Credit Corp. and of First Re of Hartford.

# N. Y. Commission Bill Signed, Like Bills Move In Miss.

The so-called "freedom of contract" bill sponsored by New York State Assn. of Insurance Agents has been signed by Gov. Rockefeller. Running to April 1, 1961, the measure amends the rating law. The effect is to require the superintendent, in considering past and prospective experience of insurers for a rate determination, to also give consideration to the experience of insurers with respect to commissions paid in the most recent year for which statistics are available.

**Extent Of Regulation Key Issue**

In signing the bill, the governor pointed out that the bill stems from the issue that has arisen between insurers and 30,000 independent agents and brokers in the state. Producers contend that insurers have reduced commissions as a means of offsetting generally rising costs.

The key question, the governor stated, is the extent to which the state should participate in the regulation of commissions and in the control of insurer acquisition costs. Full consideration of the issue will be undertaken by the joint legislative committee on insurance rates and regulation, with the superintendent providing such service as may be helpful to the committee in its deliberations, the governor said. This will provide an opportunity for a full evaluation of the interests of the policyholding public.

The Mississippi senate has passed and sent to the house bills which would prohibit a rating or advisory organization from proposing any filing that would have the effect of regulating commissions. The bills would require the commissioner to give consideration to commissions paid during the most recent annual period in the state. If two or more companies enter any combination, contract, understanding or agreement, expressed or implied, to regulate or modify commissions, they shall be considered in violation of the state's anti-trust and anti-combine laws.

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# Columbus CPCUs Offer Ohio State Scholarship

A $300 scholarship is being offered by Columbus chapter of CPCU through the Charles W. Griffith memorial foundation for insurance education at Ohio State University.

The scholarship will be awarded through a research committee from the foundation, with both industry representatives determining qualified recipients on the basis of scholarship, leadership, experiences, goals and needs.

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**National-Ben Franklin** of America Fore Loyalty group has elected as a director Donald B. Beecher, president of Equitable Gas Co., Pittsburgh.

# More Regulation Or Less? Regulators, Industry Eye Issue

## Traditional Views May Be Changing, It is Brought Out At 2-Day Hearing

NEW YORK—Members of National Assn. of Insurance Commissioners' subcommittee to review fire and casualty rating laws and regulations subjected most of the representatives of industry who testified here to a polite but relentless grilling.

The testimony of witnesses, the questioning by commissioners, and the tone of the hearing indicated deep concern over the seriousness of the problems involved. While several witnesses expressed attitudes toward regulation their organizations long have held, there were indications that some insurers are changing their views.

For example, J. Raymond Berry, general counsel of National Board, said under questioning that the business may need a no filing law, one that is in the public interest and that protects the interests of the small insurers. He said he doubted if the California law possesses standards that would, if applied nationally, protect the smaller company. Not all members of National

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# Texas, Okla. Storm Damage Estimated Around $9 Million

Hail and windstorms in Texas and Oklahoma last week caused damage estimated at $9,035,000 by General Adjustment Bureau. National Board has assigned catastrophe serial 06 to Texas losses and 07 to Oklahoma losses.

Most widespread damage occurred at San Angelo, Tex., where wind and hail produced 15,100 losses insured for $4,075,000. Broken down into properties, the figures were: 12,000 dwellings and small mercantiles at $275 each, or $3.3 million; 100 churches, schools and large mercantiles at $2,500, or $250,000; 3,000 automobiles at $175 each, or $525,000.

Estimates of storm damage in other towns were: Big Spring, 3,500 losses, averaging $200 for $700,000; Imperial, 150 losses, averaging $200 for $30,000 and Kermit, 60 losses, averaging $15 for $90,000. The average is based on net loss after deductible.

Heavy damage was sustained by roofs, cars, screens, glass, siding and exterior paint.

A second storm hit Colorado City, Tex., producing 2,500 losses. This averaged $200 for a total of $500,000.

The loss count in Oklahoma was estimated at 21,200 for a total of $3,640,000. Hardest hit was Oklahoma City.

# Springfield-Monarch Acquiring Freeport In Stock Exchange

### Freeport Officers, Board To Remain In Affiliated Operations In All Lines

Directors of Springfield-Monarch have approved plans to acquire Freeport Ins. Co., Freeport, Ill., through a stock exchange and have asked their stockholders to authorize an issue of 200,307 shares to finance the acquisition.

Freeport stockholders will be offered 11 shares of Springfield-Monarch for every 10 shares of Freeport. If all Freeport shares are tendered, 145,741 shares of Springfield-Monarch will be used, the balance going into stock options for Springfield-Monarch employes.

Directors of Freeport, who own about one-fifth of Freeport stock, were understood to have approved the planned sale.

In a joint statement to stockholders, Springfield-Monarch President F. Dwight Parker and Chairman Frank S. Vanderbrouk said that "the affiliation will accelerate our program of growth by making available the extensive casualty facilities of Freeport in several of the mid-western states where Springfield's casualty writings are extremely limited." The statement called for a special stockholders' meeting on May 23 to vote on the plan.

Freeport, founded in 1919 is active in Florida, Illinois, Indiana, Iowa, Minnesota, Nebraska, Wisconsin, South Dakota and Ohio. Freeport recently formed Horizon, a wholly owned subsidiary featuring continuous policies and direct billing. Springfield-Monarch is active countrywide, although casualty facilities have only recently been extended to several of the states in which Freeport has been active.

Freeport wrote about $9 million in premiums in 1959 and came out of the red in underwriting experience with a 5.9% gain for the year. Year-end assets were approximately $12,340,000.

Freeport will be continued as a separate operation under the management of its present officers and with its own board. The facilities of Springfield-Monarch, particularly in fire, A&S, and life will be made available to Freeport agents, and the casualty facilities of Freeport will be similarly at hand for Springfield-Monarch agents.

## Texas Brand Of HO Will Replace The CDP

AUSTIN—The Texas department has formally cleared the way for the new Texas homeowners policy by withdrawing approval of the comprehensive dwelling policy, effective as of July 1 unless it is found necessary to defer the date. Late in February the department had stipulated that the Texas form would replace all other homeowner forms.

Penn J. Jackson, chairman of the board of commissioners, discussing the new order, pointed out that the Texas homeowners will have the same coverages as those contained in the CDP.

The department still is working on proposed rates, rules and forms for the Texas homeowners, with an early announcement expected.

# Moderation Of Airport Charges To Insurers Looms As Knotty Topic

NEW YORK—The subcommittee to study rentals paid by insurers at airport terminals, which is an arm of the A&S committee of National Assn. of Insurance Commissioners, met with representatives of air trip accident markets at the New York department offices here.

The problems, to which attention has been called by O'Mahoney of the Senate anti-trust and monopoly subcommittee investigating insurance and its regulation by the states, are considered significant, particularly in view of the small volume. Joseph F. Murphy of America Fore Loyalty group in his discussion at the hearing estimated the total at less than $20 million annually and perhaps not more than $16 million. Yet the insurers are constantly subject to the possibility of catastrophe losses. Bernard Stone of Omaha, former Nebraska director, and counsel for Mutual of Omaha, told the hearing that single plane loads now develop more than $3 million of exposure.

**Have Become Apprehensive**

Reinsurers have become apprehensive about the coverage, and industry representatives indicated that they are having to pay more for reinsurance and are finding it harder to get. Insurers are asking for catastrophe cover as high as $5 million. Mr. Stone said the loss ratio was above 50 for the entire business in 1959 and that Mutual of Omaha's ratio for the first three months of 1960 was 58.

**$75,000 For $2.50, Worldwide**

Yet the competition for the business is intense. More coverage is being offered for the same premium. Mr. Stone said that $75,000 of cover, good anywhere in the world on scheduled flights, soon will be offered for $2.50. It has been $5 and used to be $20.

Since the dollar units are small, expenses run high, and the airport rentals constitute a serious element of cost, Demands by the airports and competitive bidding for airport rights by insurers have forced rentals up and up. Formerly, 13% of gross premiums was considered a reasonable ceiling. But a study by the New York department shows that they run as high as 131%, and one at Columbus, O., where the port management would not accept bids below a high dollar minimum.

Even the National Airport at Washington, D. C., which is operated by the Department of Commerce, has had a $215,000 minimum below which it would not accept bids. Pearson of West Virginia, chairman of the subcommittee, said he recently had written the government about the problem of high rentals and what could be done to solve it. Perhaps this is the reason, he suggested, that the government did not prescribe a minimum for bids for the coming year, bids which were scheduled to be opened the day Mr. Pearson's subcommittee held its hearing.

Mr. Pearson said the subcommittee would have a report for the NAIC at its annual meeting in San Francisco. However, he was not so certain his group would be able to make firm recommendations. The consensus of the hearing appeared to be that the New York action is as far as the commissioners can go. The New York department, after investigation, set a permissible loss ratio of 40 for air trip accident business. The ceiling of 60% on expenses is expected to act as a deterrent to overbidding for airport privileges by the insurers.

New York acted under legislation that requires A&S benefits to be reasonable in relation to premiums, which is also on the books of 17 other states.

Some favor was expressed also for

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# Chicago I-Day Fare Rich With Sales Tips

By WILLIAM H. FALTYSEK

Just people compete—the agency system, direct writers or any other competitive sales philosophies to the contrary—the some 600 persons attending Chicago I-Day last week were told. The "tellers" were two members of Merrett-Adams Training Institute, who conducted the program.

Since the competitive struggle is among people, the people who are out knocking on doors will naturally be the ones to sell insurance, it was pointed out. The other elements involved are product knowledge and proper sales techniques. John T. Adams and William T. Harris of Merrett-Adams then settled right down to a day-long session of showing and telling the agents just how to go about meeting and defeating the competition.

**New Devices Galore**

Unless actually present, it would be difficult to imagine the great number of methods, examples and successfully tested selling devices crammed into this new-fashioned, old-time sales revival. And the "amens" and "hallelujahs" were frequent as Messrs. Adams and Davis pounced upon various situations confronting the men on the firing line of the agency system today. Suffice it to say the communicants were not drifting in and out of the meeting or buzzing with the usual private remarks among themselves. They were listening with both ears wide open.

Mr. Harris noted at the beginning of the session that as "outsiders" his organization had ample opportunity to view some of the problems of insurance producers on a nation-wide basis. "We found a number of weaknesses that would bear correction and we are here to show you some of the mistakes being made, as well as demonstrate some of the special skills related to your business. This is our business," he said. Demonstrate to the Chicago agents they did, and if any facets of selling as related specifically to insurance were neglected, they are yet to be discovered.

The procedure employed was three-

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# Iowa Agents Deal In Realities At Davenport Annual

By JOHN N. COSGROVE

DAVENPORT—Optimism and a willingness to face facts marked the annual meeting here of Iowa Assn. of Insurance Agents. A crowd of close to 400 assured capacity audiences at the business sessions, and approximately 50 company hospitality suites were available for lighter moments. All speakers on the busy agenda and all panelists kept flag waving to a minimum and concentrated on realities.

Lee Miller of Cherokee was named president to succeed the amiable R. J. Connable of Keokuk who ran the sessions at which he presided with grace and dispatch. Clark Caldwell of Iowa City was elected vice-president, and Ivan H. Anton of Des Moines treasurer.

Named to the executive committee were Earl Holtz of Ames; Richard Grossman of Marshalltown; Carl Obermann of Ottumwa, and Cyril Friedman of Dubuque.

**Auto Problems Paramount**

Auto problems occupied a good deal of the formal program and much of the unofficial conversation between sessions. The agents learned from Clayton G. Smith, senior assistant manager of National Bureau's automobile division, that the bureau's special auto program appears to be putting member companies back in the mass auto market. In fact, it appears that they are writing a prime block of business in that category.

William E. Timmons, Iowa commissioner, told the agents that National Assn. of Insurance Commissioners does not intend to submit to "federal browbeating." He conjured up the monstrous prospect of federal regulation, drawing odious comparisons between such a possible setup and the present federal tax procedural maze.

Mr. Timmons asked agents to contact their national legislative representatives to make their views known and said that an aroused public is the best guarantee against federal encroachment. He added that his advocacy of state regulation was not to preserve his job. He is a Democrat—a species named commissioner in Iowa once every 25 years, and he does not expect to be around the next time.

**Bureau Making Comeback**

Reporting on National Bureau's program, Mr. Smith said that a sampling of special auto policies sold in Iowa by bureau companies in the first five months of the plan showed that 61.2% came from deviating companies and 10.2% were previously uninsured.

The same pattern holds in other states, he observed. In Minnesota, 57.4% came from deviators, and 18.4% were uninsured. In Michigan the figures were 61.4% and 8%. Thus it appears that the siphonng off of the better risks by cut rate companies is being halted.

Reports from one state show that a much higher percentage of special auto policyholders fall into the 25 to 45 age bracket than into other groups, Mr. Smith pointed out. Many special policyholders are in the middle income category, and a further large concentration includes teachers, engineers and professional persons.

Mr. Smith said that there are early indications that those risks qualifying under the program are not pocketing their savings but are buying broader protection. This opens up new prospects of selling quality protection to the popular market.

Referring to bureau safe driver plans, he declared that the motor vehicle record situation in some states will only permit the introduction of a modified program, under which the "balanced" advantages of full conviction information cannot be utilized. However, he noted, the bureau is receiving the full cooperation of motor vehicle authorities in various states in making complete record information available at a reasonable price. In the face of pressure around the country for the extension of the program, there must be an orderly, well planned approach to introduction in any given state, Mr. Smith concluded.

Paul Jones of Tucson, NAIA president, declared that "fat" companies and "fat" agents have been victimized by their own complacency and resistance to change. He scored negative attitudes as an idiot's philosophy.

Mr. Jones sees plenty of opportunity for the real "pros" among the agents, but not much for the Woolworth type who want to run a walk-in office. He is not afraid of automation which can only displace paper shufflers, in his view.

Agency companies may be making the fatal mistake of fighting their competition on its playground and under its rules, he cautioned. He wants to cooperate with companies but not under a program based solely on reduced premiums achieved by lower commissions. He warned against super-selective underwriting, particularly auto, and deplored the lack of agent participation in product design.

Only the efficient agent has the right to future success. Past performance gives no one a vested right to share tomorrow's profits, Mr. Jones concluded.

In the area of resolutions, the association noted its long opposition to the socalled company service office agents or branch office agents. The practice of maintaining such agents continues, in some instances under the guise of attracting and training young men in the business. Therefore the convention resolved to recommend to companies indulging in this practice that they can accomplish the same results by subsidization of these young men in cooperation with existing, independent agencies.

Under another resolution, a meeting will be sought with Western Farm Underwriters Assn. to bring about more competitive conditions in the farm business. A third resolution authorized the association's legislative committee to confer with Commissioner Timmons to change the law with respect to company compliance. The convention also resolved to support the Big I campaign and to uphold state regulation.

Arthur Dannecker, advertising and public relations manager of Ohio Farmers, in a presentation with visual aids, showed agents that the local identity may not be so well established, and suggested methods of promoting their image.

Two lively panels—one on direct billing and the other on the auto liability and uninsured motorist problem—were presented by Eastern Iowa chapter of CPCU. They will be reported in a subsequent issue.

A meeting of **Federated Mutual Implement & Hardware** of Owatonna at White Sulphur Springs, W. Va., was attended by 150 top producers and their wives.

# Program Completed For HIA's Annual Meeting In Dallas

The program has been completed for Health Insurance Assn.'s annual meeting at the Statler Hilton Hotel in Dallas, May 16-18.

V. J. Skutt, president of Mutual of Omaha and HIA president, will give the keynote address at the luncheon on Monday, and will be followed by a welcoming address by Penn J. Jackson, chairman of the Texas board of insurance commissioners.

At the executive session, reports will be given by A. J. Schmidt, All American Life & Casualty, chairman of the memorials subcommittee; E. J. Faulkner, Woodmen Accident & Life, chairman of the committee on continuance of coverage; Ardell T. Everett, Prudential, chairman of the committee on federal social problems, and Robert R. Neal, HIA general manager. The executive session will close with a discussion period.

The Tuesday general session will have a symposium on problems and progress in prepayment cooperation, participants of which will be Arthur M. Browning, chairman of Health Insurance Council, New York Life; Dr. F. J. L. Blasingame, executive vice-president of American Medical Assn., and Tol Terrell, past president of American Hospital Assn. The morning session will close with an address by S. Bruce Black, Liberty Mutual.

**To Hear James Williams**

Tuesday afternoon James R. Williams, vice-president of Health Insurance Institute, will give the institute's report and J. W. Scherr Jr., Inter-Ocean, will present the report of the public relations committee. They will be followed by speeches from Paul Cullen, manager of the information and education department of Aetna Life, and Gilbert Cant, medicine editor of Time magazine.

On Wednesday, Lawrence M. Cathless Jr., Aetna Life, will discuss the federal employes health benefit act, and Commissioner Hammel of Nevada, president of National Assn. of Insurance Commissioners, will give an address. The morning general session will close with a symposium on multiple line affiliations. Participating will be Travis T. Wallace, Great American Reserve, and Edwin H. Marshall, Indemnity of North America.

Speaker at the annual luncheon will be Dr. Thomas A. Dooley, chief of mission to Laos.

## N. J. Brokers In NAIB

Insurance Brokers Assn. of New Jersey has joined National Assn. of Insurance Brokers as a member association. The New Jersey group has a membership of more than 350. Nathaniel J. Ontell of Paterson recently was elected to his second term as president. Horace R. Freeston, Newark broker, is executive secretary.

## Auto, Garage Rates Rise

Mutual Insurance Rating Bureau has increased BI and PDL rates for private passenger automobiles 10.8% in Kansas, for commercial 14.1% in Illinois and 12.5% in Kansas, and for division 1 garage risks 5.3% in Illinois and 14.5% in Kansas.

National Bureau has increased commercial car BI and PDL rates 23% and division 1 garage risks 19.4% in Nebraska.

# On Fifth Avenue . . .

. . . the Guggenheim museum and friends—style setters all.

From the left, Walter Strickland, Best & Co. president, Andrew Goodman, Bergdorf-Goodman president, and Mr. Za.

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# Headline Grabbing By Forand Bill Backers Feared At AMA Conference

By WILLIAM MACFARLANE

Many A&S executives are concerned lest the militantly aggressive backers of Forand-type medical care legislation steal the show at the May 13-14 Chicago conference called by American Medical Assn. for representatives of medicine, labor, insurance and industry.

The fear is that many of these Forand advocates are so much better versed in outmaneuvering the opposition by crude but highly effective tactics that in the planned forum discussion, logic and facts will have little chance. It could be a propaganda field day, with corny emotionalism running rampant and dominating the newspaper headlines.

No one in the business is questioning AMA's purpose, that is, to gather together all the segments of labor, industry, the medical profession, the insurance industry, and other groups interested in the payment of medical care bills, in the hopes of obtaining some suggestions for extending health insurance for all ages without government subsidy or control. What A&S people are worried about is AMA's ability to maintain control of the meeting and not let it become a free-for-all dominated by the very groups who are promoting a federal take-over of the health insurance business.

Health Insurance Council, which is Health Insurance Assn.'s agency for relations with the medical profession, will be represented at the conference by Arthur M. Browning, HIC chairman and New York Life's vice-president in charge of group insurance; E. J. Faulkner, past chairman of HIC and president of Woodmen Accident & Life; Raymond F. Killion, chairman-elect of HIC and 2nd vice-president of Metropolitan Life, and William J. McBurney, chairman of HIC's claims committee and executive general manager of Prudential. Others attending will include Joseph F. Follmann Jr., HIA director of information and research, and Richard R. Shinn and Charles A. Siegfried, 2nd vice-presidents of Metropolitan Life.

### Labor Representatives Listed

Labor will be represented at the conference by delegates from the AFL-CIO and United Mine Workers. Management spokesmen will be provided by such groups as American Management Assn., Assn. of American Railways and American Farm Bureau Federation. Also attending will be representatives from Blue Cross and Blue Shield, American Hospital Assn. and American Dental Assn.

Although insurance people decided to go along with AMA as long ago as last year, when the medical association first suggested the conference, they have never felt any real enthusiasm for the get-together. Further complicating the situation was a recent story in the New York Times which made it appear that the conference would be a summit meeting between the AMA and labor to compromise their differences on grafting health insurance to the social security program. As late as two days after the item appeared in print, some A&S people, although not using the word "sell-out," were still suspicious that AMA might alter its firm stand against Forand-type legislation. The misleading story has since been clarified, making it clear the original intent of the conference still stands.

Attendance at the meeting is by invitation only and is limited to about 200 people from a dozen or so factions concerned with the problem of medical care and how it should be paid for. Each group will be given a chance to present its views and no special emphasis will be placed on those of the medical profession, labor, management or the A&S business.

At least that is the theory behind the meeting. What some representatives of the A&S business are worried about is that instead of each side merely telling what it is doing or what it wants done, the conference will become a convenient device for power-politicking by Forand proponents.

### Will Be Open Forum

The conference will be an open forum for everybody attending, and it is feared the AMA, under the circumstances, could very easily lose control of the meeting. Forand backers could take over the conference with long and loud, emotion-charged harangues that would completely dominate the proceedings. They could hold the floor interminably, knowing that should AMA rule them out of order, they can always cry "foul" and claim they have been prevented from presenting their side of the argument. The propaganda possibilities of such a conference are numerous for those who would not hesitate a moment to take advantage of them.

Even if AMA manages to keep the conference from getting out of hand, it still will have nothing to say about the activities of any group outside the conference room. Anyone the least bit unhappy about what goes on behind the closed doors of the forum can immediately upon leaving the conference call in the press and turn the whole affair into a propaganda field day. And although either side in the Forand question would be free to employ such a public relations device, some A&S people feel that proponents of government health insurance have in the past been quicker to use in-fighting tactics than have either the AMA or insurance circles.

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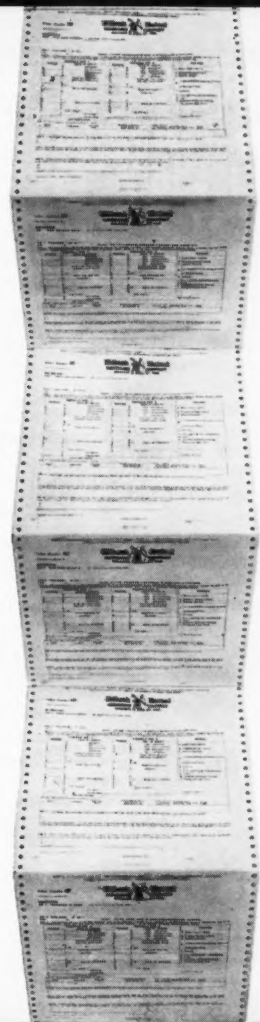
# Kolb To Richmond For Bituminous Casualty

Bituminous Casualty has appointed David Kolb manager at Richmond, succeeding V. L. Willet. Mr. Kolb has had 15 years of casualty experience, of which seven have been with Bituminous Casualty. Before his appointment, he was a special agent and payroll auditor at Richmond.



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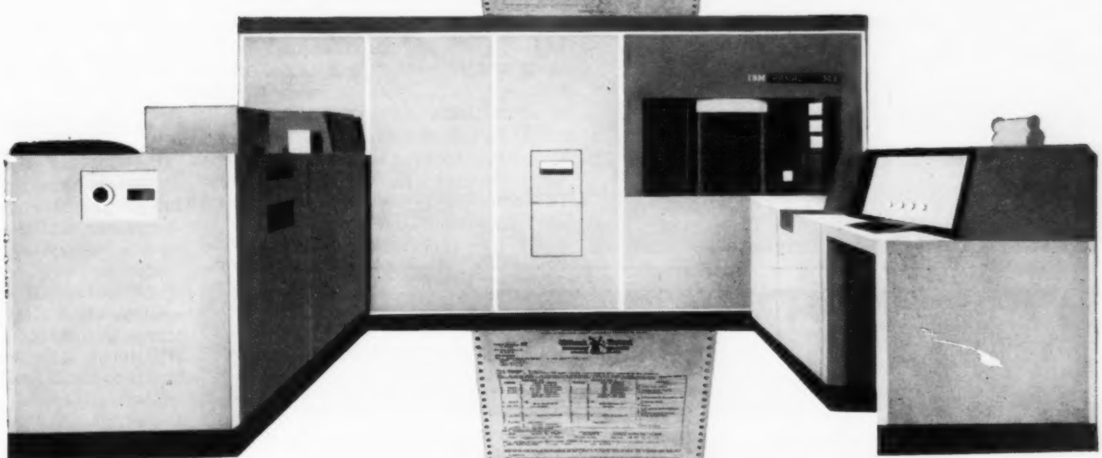

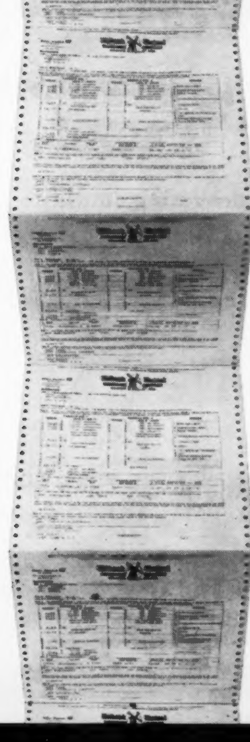

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# Pull And Tug Over Advertising Program At NAIA Midyear Meeting In Cincinnati May Mean More Stormy Days Of Debate Ahead For Big I

By ROBERT C. DAUER

As reported last week, the National Board of State Directors of National Assn. of Insurance Agents at their midyear meeting in Cincinnati approved plans to expand the association's national advertising program. The proposed campaign for 1961, based on an expenditure of $1,285,000, was enthusiastically endorsed and, in the process, a recommendation by the executive committee to limit the program in some respects was just as firmly squashed.

Prior to and during the Cincinnati meeting, it had been rumored that the association might take steps to curtail—or perhaps discontinue entirely—its advertising program. These rumors were interred by the firm action of the state directors.

The national ad campaign practically preempted the Cincinnati agenda. The Big I program was threshed out in all of its phases at three different sessions during the two-day meeting. At times, during the hours of impassioned discussions, it appeared that the problems of voluntary fund raising, quota allocation and television distribution might create shoals on which the ad program would be wrecked. Apparently the members of the executive committee, too, felt that the program would have to be amended if it were to continue.

The executive committee, in an unusual step, proposed that the campaign be changed as follows:

1. Beginning in 1961—or in some other year agreeable to the directors—the national advertising program would be conducted through national magazines only.

2. The program would include designing of central theme advertising for states wishing to use TV, newspapers, outdoor advertising or some other media.

3. The total cost for the national program would be reduced to not less than $550,000. This would, of course, represent a drastic reduction from the projected $2 million when the program was originated.

4. The program would be predicated upon the acceptance by each member association of its commitment for its "fair" share of the national program. There was no suggestion given in the formal executive committee proposal of any basic revision of the present method of allocating state quotas.

**Recommendation Is Surprise**

The executive committee recommendation—which apparently came as a complete surprise to many of the state directors—was presented as the culmination of the hours of discussion of the advertising program.

However, following a dramatic eleventh hour plea by Dave Johnson, Pensacola, chairman of the fund raising committee, the directors turned down the executive committee recommendation in favor of continuing the full program.

**Company Support Not Invited**

There is not any strong sentiment at this time in favor of major company participation in the plan and apparently even less support for the proposal of the Wisconsin association for a reorganization of the program to a point where it will be largely dependent upon company subscriptions.

The so-called "Wisconsin plan" calls for an estimated annual budget of $5,175,000 to be paid $4,500,000 by company subscriptions and $675,000 from participating agencies.

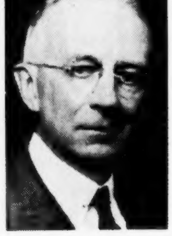
The Wisconsin plan was outlined in an elaborate brochure furnished each state director and was fully detailed. It seemed to be the consensus, though, that no action would be taken on the

(CONTINUED ON PAGE 29)



# Coffin Retires After 44 Years With Lumbermens Mutual

Scott F. Coffin, senior vice-president in charge of underwriting of Lumbermens Mutual of Mansfield, is retiring after 44 years with the company.



S. F. Coffin

He traveled central Ohio as lumber field man from 1916 until 1930 when he was transferred to the home office as supervisor of underwriting and put in charge of the branch office system. In 1939 he was elected vice-president in charge of underwriting, and in 1948 he was elected to the board. Since 1955 he has been a member of the executive committee, and he will remain on that committee and on the board.

Dale G. Roth, secretary-treasurer since 1947, has been made vice-president and secretary of Lumbermens Mutual. He joined the company in 1936 and was made assistant secretary in 1942. He has been a director since 1947.

Alex B. Curchin, comptroller and assistant treasurer, succeeds Mr. Roth as treasurer.

In other appointments, F. A. Greenwood, assistant secretary and manager of the property underwriting department, becomes vice-president, and Charles E. Nail Jr., manager of the special program department, becomes assistant secretary.

# Texas Employers Names Mitchell And Pettigrew

Texas Employers has appointed James P. Mitchell vice-president and treasurer and Smith Pettigrew assistant secretary and manager of medical services.

Mr. Mitchell, who has been vice-president at Houston, after 16 years there returns to the home office. Mr. Pettigrew has been with the company 21 years and has been medical coordinator.

## Youngstown (O.) Agents Elect Booth President

Youngstown (O.) Assn. of Insurance Agents has elected John B. Booth, who heads the agency bearing his name, president; T. A. Woodman Jr., Woodman Insurance agency, vice-president, and R. W. Peterson, Moore-Peterson agency, secretary-treasurer. New trustees are Howard W. Cailor, Smith-Cailor agency; Leland E. Clegg of the agency bearing his name and Lloyd W. Johnson, Bruce & Co.

**Employers Mutuals of Wausau** have named Howard H. Bishop manager of a new claim office to be opened in Charlotte, June 1. He is presently a claim examiner at Atlanta.

# Mich. Surety Control Is Returned To Company Directors

LANSING—Michigan supreme court has specifically sanctioned the order of Ingham County circuit court returning control of Michigan Surety to its directors. The company is removed from the custodianship that was presided over by Commissioner Frank Blackford and has embarked on what is described by T. W. Draper, executive vice-president, as a rebuilding program.

Attorneys for Michigan Surety and for the attorney general's office signed a stipulation order last week under which Mr. Blackford steps out as custodian but keeps alive an appeal to the supreme court from the ruling of the circuit court that Michigan Surety is solvent. It is anticipated there will be no further action by the supreme court until next fall, however.

Under the terms of a second stipulation, several conditions have been set up. It is specified that no assets, real estate or other property shall be sold or otherwise disposed of without approval of the circuit court. The company also is required to file with the department an annual statement of condition by June 1, together with a showing of plans for investment of $405,217 in added capital which is to be provided through the stockholders. The commissioner also must be provided with a monthly balance sheet which may be verified by a direct inspection of company records by department representatives.

### Rules For Directors

No changes may be made in the directors unless a resignation or death occurs, and any persons named to fill vacancies must be residents of Michigan. This would preclude a resumption of a place on the board by the deposed president, Mark Kroll of Cincinnati.

A petition by Mr. Blackford for a stay of proceedings pending outcome of his appeal of the court order removing him as custodian is to be held in abeyance. Mr. Blackford has repeatedly declared Michigan Surety is beyond hope of salvage, and when the circuit court held otherwise he put on a display that expressed his shock in no uncertain terms. Michigan Surety management has argued that Mr. Blackford was maintaining an unreasonable position by refusing to allow the company to convert certain of its assets, including some Florida real estate, into the admitted classification.

The custodianship has caused an automatic suspension of operation of Michigan Surety in several states, but Mr. Draper said the bulk of the business has been confined to six or eight areas with Michigan alone having more than 500 of the company's approximately 700 agents.

The payment of claims, held up during the custodianship, will be resumed as promptly as possible, Mr. Draper said. He estimated activities could be brought close to normal within 30 days so that outstanding claims could be met.

It is unlikely, he added, that the company will attempt to resume operations in the transportation field.

### *Peerless Reports On Quarter*

Net income of Peerless in the first quarter of 1960 was $150,638 before net realized capital gains, equal to 27 cents a share, John O. Talbot, president, reported at the annual stockholders meeting. This compares with $996,178, or $1.80 a share in the first three months of 1959.

Written premiums in the first quarter were $3,399,475, up 7% over the same period of 1959. Peerless had an underwriting loss of $57,970 for the quarter compared with a gain of $517,034 in the 1959 period, with unrealized capital losses of $318,373, as compared with a loss of $260,181. Policyholders surplus was $7,823,926 at March 31.

## C. L. Morris Elected President Of IIIS

C. L. Morris, president Illinois National, was elected president of Illinois Insurance Information Service at the second annual meeting last week in Chicago. He will serve a full term after having filled out the unexpired term of the first president, J. Milburn Smith, former president of Continental Casualty, who was presented a scroll in recognition of his work as one of the principal organizers of IIIS.

C. L. Morris

Vice-presidents elected last week are Thomas C. Morrill, State Farm Mutual Auto; Darrell L. Achenbach, Country Mutual; B. C. Vine, Millers Mutual of Alton, and Robert L. Leys, Allstate. Royce G. Rowe, Lumbermen's Mutual Casualty, is secretary, and W. W. Chalmers, Zurich, is treasurer.

Thomas F. Reynolds is general manager of IIIS.

The annual report of the organization stated that the presentation of the automobile insurance story often does not reach the individual policyholder and that IIIS will use every available device to reach the public with full details of how insurers are striving to keep the cost of coverage within the reach of everyone who owns a car.

IIIS now has 19 members, the newest being La Salle Casualty.

## Cal. Pays Home $27,000 For Subrogation Claim

Home has been awarded $27,800 from the state of California under a subrogation claim at first rejected by the state board of control. That board held at the outset that insurance subrogation claims could not be recognized. At that time it did recognize and bring about payment for the uninsured portion of the loss sustained by Home's insured. Long & Levit, representing Home, obtained a second hearing and persuaded the board of control to submit the problem to the legislature. After hearings, committees of the senate and assembly approved the claim.

## III To Meet The Press

Insurance Information Institute is holding an open house for the press May 18 at its new offices in New York. The directors and the national staff will be on hand to acquaint press representatives with the operations of III.

### *Cook County Puddle Plans Outing*

Cook County puddle of Illinois Blue Goose has scheduled its annual golf outing and dinner for River Forest Country Club, near Elmhurst, on May 19. Reservations chairman is Glenn S. Corcoran of Western Adjustment.

# Broad Offers To Buy 21,000 Shares Of Universal Stock

Chase Manhattan Bank, as agent for Shepard Broad, chairman of Carolina Casualty and Carolina Home Life, is offering to purchase up to 21,000 shares of Universal, the Talbot, Bird & Co. insurer, at $50 a share. The offer closes May 27.

If 21,000 shares or more are tendered, the first 21,000 will be purchased. If fewer than 21,000 shares are tendered, Mr. Broad reserves the right to reject or accept any or all of them. He reserves the right to accept or reject shares above 21,000.

Universal has 75,000 shares outstanding. They have been selling in the mid-30s.

The San Francisco office of **Wm. H. McGee & Co.** is in new quarters on the fourth floor of the Robert Dollar Building, 311 California Street.

## Maloney Sees No Federal Intrusion Into Regulation

In a talk before northern California chapter of American Society of Insurance Management in San Francisco, John R. Maloney, former California commissioner, now practicing law expressed the opinion that the present investigation of insurance by the subcommittee of the anti-trust committee of the Senate will not result in any further regulation of the business by the federal government.

He said he based this opinion on statements recently made by Donald P. McHugh, counsel for the subcommittee and by other members of that group. But, he pointed out that statements emanating from official sources indicate that the subcommittee is inclined to believe that some insurance departments have not taken complete cognizance of recent and proposed mergers by companies within the business and with and by other types of corporations.

"Also of significance, in my opinion," he said, "is the fact that, without exception, all of the witnesses before the committee who complained about concerted efforts to restrict independence of action, primarily in the fire field, nevertheless strongly advocated and supported continued state regulation in their testimony.

"Just as the SEUA decision and the congressional prohibition of boycott, coercion and intimidation brought about abandonment of acquisition cost conferences and substantially complete

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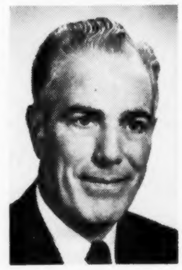
## Buesching And O'Connor Promoted By National Fire

W. H. Buesching and J. B. O'Connor have been promoted to associate managers of the western department of National Fire.


J. B. O'Connor


W. H. Buesching

Mr. Buesching's primary duties consist of countrywide liaison work with National Fire, Continental Casualty and Continental Assurance, in addition to assuming increased administrative responsibilities. He attended Northwestern University and started his insurance career with National Fire in 1933 as an underwriter. He was appointed special agent in northern Illinois in 1945, was transferred to southern Illinois in 1948, and in 1949 became state agent for that territory. In 1952 he was transferred to Chicago as farm and hail superintendent, and was promoted to agency superintendent in 1956. Later that year he was advanced to assistant manager.

Mr. O'Connor will be in charge of National Fire's western department underwriting on an administrative basis. He began his insurance career in 1916 and joined National Fire in 1926 as an examiner in the improved risk department. He was appointed superintendent of the brokerage, reporting cover, and improved risk department in 1950, agency superintendent in 1956, and assistant manager in 1957.

## Iverson Joins Automotive Unit Of Mutual Insurers

George B. Iverson has been named director of the automotive division of National Assn. of Automotive Mutual Insurance Companies, Chicago. He succeeds Richard O. Bennett, who has been elected secretary-treasurer of Insurance Institute for Highway Safety, Washington.

Since 1954 Mr. Iverson has been with Joyce & Co. agency of Chicago in motor vehicle and construction safety engineering work. Previously he had been a safety engineer with Hartford Accident.

# Auto Men Hear From Insurance Man How Design Influences Rate Making

Some of the common interests of insurers and automobile makers were stressed in a talk given by Dan Tanner, claims manager Detroit Auto Inter-Insurance Exchange, to a meeting at Detroit of American Society of Body Engineers. Mr. Tanner's remarks were given in conjunction with a presentation by Carl Doman, Ford Motor Co., on trends in repair costs from the manufacturer's standpoint.

Mr. Doman stressed the need for a greater awareness by auto manufacturers of the importance of the effect of design on repair costs to the car owner, either directly or through insurance premiums. Mr. Tanner's participation was probably the first time an organized group within the automobile industry has asked for a presentation on this problem from the insurance side.

**Emphasizes Relationship**

Mr. Tanner emphasized the relationship between repair costs and sales by pointing out that in 1947 physical damage losses in Michigan were equivalent to the price of 13,400 cars selling at $2,000, while in 1958 they were equivalent to 24,000 cars selling at $3,000. Increased repair costs may be a boon to the auto repair industry, he said, but they could also be one of the factors involved in the failure of new car sales to come up to expectations in recent years.

Since the war the standard-size American car has become substantially larger, heavier, more powerful and more complex, Mr. Tanner observed. Design engineers have done a remarkable styling job, improving body design and adding decorative material. This means, however, that there are more extras such as power seats, power windows, luxury interiors and even air conditioning. There are items designed to contribute to accident prevention such as better brakes, better traction, better headlights, increased visibility, etc.

**Cost More Money**

These larger, fancier and better equipped cars cost more money and that in itself produces an increase in insurance costs. Improvements and inflation combined mean that now to replace a total loss costs about 50% more for the lower priced cars, Mr. Tanner pointed out. Additionally, improvements which should help to avoid accidents become, when an accident does occur, additional and more expensive loss items.

Styling changes have produced their own problems. The larger, thinner, more intricately-formed sections of body metal are more costly and more susceptible to damage, and more difficult to repair. Soft metal bumpers no longer serve any protective purpose but crumble under relatively minor impact. The body structure extends farther beyond the frame so that collisions involve bumpers, brackets, front fenders, rear quarter-panels, grill, hood, headlights, taillights, and often extend to the door panels, radiator and the frame itself. These body parts, plus the windshield, are the most commonly damaged items on a car.

Before these design changes took place, Mr. Tanner said, back in 1947, the average replacement cost of this group of parts, for all price ranges of the principal standard size cars, was $409. In 1959, the cost was $1,063, a 159% increase. The average increase in the cost of parts alone was 162%, for labor 14%. In the 12 years the hourly rate for repair labor increased 67%.

Mr. Tanner explained that the difference between the labor rate increase and the labor cost increase indicates additional time was required to make replacements and repairs, and each of these repair or replacement cost increases becomes a part of the automobile insurance cost whenever it's involved in a physical damage claim.

At the time costs were rising, accidents increased 61%. Mr. Tanner described this as the gauge of the rate of application of repair cost to collision and property damage liability claims.

The other area of insurance cost in which repair charges are involved is comprehensive, which covers virtually any damage to a car from any cause other than collision or upset. In the comprehensive portion of physical damage insurance, wrap-around and twin-wrap windshield design plays an important role, he said.

Before wrap-arounds were introduced, windshield losses accounted for slightly more than 25% of the dollar losses for all types of auto damage, from all causes under comprehensive in the state of Michigan, Mr. Tanner said. Five years later, windshields,

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## Ward To Be Counsel Of N. Y. Department

Peter Ward, professor of law at the Cornell Law School, will join the New York insurance department as counsel June 15. He will make his headquarters in the department's New York City office.

He went to Cornell in 1951 as associate professor and was appointed full professor in 1955. He also taught at the University of Texas School of Law as a visiting professor in 1958. Previously a partner in the law firm of Ward & Ward, Buffalo, he engaged in general practice involving litigation and corporate work from 1939 to 1951, except for army service. He is a specialist in insurance and tort law.

In connection with the Assn. of American Law Schools, he has been instrumental in organizing a number of legal round tables, and is at present advising on the establishment of a round table on insurance. A contributor of articles, comments and book reviews to leading legal publications, Mr. Ward is the author of Tort Problems of Loss Distribution, the tort casebook now in use at the Cornell Law School. His contributions to law journals including articles analyzing and contrasting state uninsured motorists' funds. He was president of Buffalo Executives Assn. in 1950.

His father and grandfather both served as attorneys general of New York. His brother, Hamilton Ward, is a member of the New York supreme court, and another brother is an attorney in Buffalo.

## Casualty Conference Held By Royal-Globe

Royal-Globe held a three-day countrywide casualty underwriting conference ending today, May 6, at Virginia Beach, Va. The attendance of about 80 included the group's senior casualty underwriting officials and executive and technical specialists from the home office.

Theme of the meeting was "The Casualty Manager's Broadened Area of Responsibility." During the meeting, 27 separate subjects were discussed with particular attention to practical problems in underwriting and administration.

The casualty meeting was preceded by a two-day bond meeting attended by more than 50 of the group's fidelity and surety staff.

## $825,000 Is Estimate On Memphis Fire Loss

Early estimates indicate losses on a Memphis fire amounted to $825,000. Building losses were $150,000 on Baptist Hospital and John Gaston City hospital; $265,000 on the Memphis Chicks baseball grandstand and $250,000 on buildings and shops. Contents losses on the business area were estimated at $160,000. The city hospital was self-insured for the first $50,000. The losses were covered by about 12 insurers, predominantly stock companies.

### Open Data Processing Building

Hardware Mutuals have opened their new $370,000 data processing building at Stevens Point, Wis. The building will house IBM 7070 computer and IBM 1401 magnetic tape systems and a crew of 17 computer and 106 tabulating machine operators.

**John E. Nagle** has opened a new adjustment office, Nagle Adjustment Service, at Cedar Rapids handling eastern Iowa. For eight years he has been with the H. E. Licht Adjustment Service of Cedar Rapids.

## Citizens Casualty Top Officer Change

Harry Hyman, chairman of Citizens Life of New York, and previously chairman of Citizens Casualty's executive and finance committees, has been elected president of the latter company. Jack Hyman, president of Citizens Life, and formerly president of Citizens Casualty, becomes chairman of the finance and executive committees of the casualty company.

Harry Hyman

Citizens Casualty was founded in 1928 in Utica, where it was located for seven years. In 1935 Harry Hyman and Jack Hyman acquired financial control of the company, and its home offices were moved to New York. In 1956 the company occupied the entire four story building remodeled for it at 33 Maiden Lane, New York.

Citizens Casualty is licensed in 50 states, District of Columbia and Puerto Rico. It writes multiple lines and in recent years has built up a nationwide business in excess limits over primary and self insured risks.

## L. S. Myers Retires

Lawrence S. Myers, vice-president, who was with Marsh & McLennan at Chicago for 40 years, has retired.

Mr. Myers has written a number of authoritative publications on insurance. His book "The Manufacturer and Insurance" originally published in 1939 and revised in later years, has been widely used as a text and reference book.

### Hardware Mutuals Shift Managers

Hardware Mutuals of Stevens Point have moved Edward J. Gauthier, manager at Syracuse, to manager at Cincinnati. He replaces Henry Allen who moves to the home office in underwriting. Mr. Gauthier has been with Hardware Mutuals since 1941.

### Kemper Premiums Up 9%

Direct premiums of the Kemper group fire and casualty companies during the first quarter amounted to $66,577,374, a gain of 9% over the first three months of 1959.

**Spencer Montgomery,** who has been with Hartford Fire group in Atlanta 21 years, has joined the Forkner agency there.

## Insurance Companies Take 3rd, 4th Places In Magazine's Ad Poll

New York Life and Nationwide were third and fourth, respectively, in the total number of votes received in the balloting for Saturday Review's annual awards for distinguished advertising.

The awards committee which did the balloting was composed of judges, educators, teachers, publishers, and advertising and public relations executives. They named 28 advertisers who in their opinion had prepared distinguished advertising in the public interest. Besides New York Life and Nationwide, Institute of Life Insurance, John Hancock and Metropolitan also were named.

In a special category, public service campaigns, Institute of Life Insurance, Metropolitan Life, Nationwide and New York Life won four of the seven places.

John Hancock was named in another special category, public relations campaigns.

In the TV and radio citations, Prudential, for "The Twentieth Century," was in the top 10 cited for its "adult, responsible reporting of the history of our times. . . ."

## Recommends End To Real Estate Tax Deduction On Insurer Buildings In Cal.

A special report on insurance company taxes in California, prepared by George W. Baker, administrative analyst of the department of finance, recommends that the present provision in the revenue and taxation code providing for the deduction of real estate taxes paid by companies on the home office or principal office should be removed.

"Tax authorities have pointed out," the Baker report says "that the rule permitting deduction of real estate taxes paid on the principal office in this state is a major loophole in the taxation of insurance companies. The law does not require that all property upon which the deduction is granted be used as the principal office, but rather provides a deduction for all real estate taxes paid upon property wherein the principal office is located regardless of how much of it is devoted to the insurance business. Thus, insurance companies can obtain a large measure of tax relief by erecting large office buildings, using only a small portion of the space, and renting the remainder.

"A credit for real estate taxes is a questionable deduction from this tax. If the principal office deduction is to be retained, it should be limited to that portion of the property used for the conduct of the company's insurance business. This would remove the inequity of the present law and restore a significant portion of the revenue now being lost."

Agitation on the real estate tax deductions was launched last year in an effort to stimulate action in the legislature.

### *Form Gliatto-Noonan Agency*

Gliatto-Noonan brokerage agency has been formed at Chicago, the principals being Fay T. Gliatto and Maxine Noonan, who has had 10 years of agency staff experience and a number of years as a broker. Originally the Gliatto agency, it will continue to handle all lines. Miss Gliatto has been in the insurance business 50 years and before turning to sales had 15 years of company and agency experience. She is a director of Insurance Brokers Assn. of Illinois and the first woman to be elected to the board.

### *Alltrades Names Two*

Paul H. Toy has been elected executive vice-president in charge of administration of finance of Alltrades of California. William C. Anglin, formerly with Argonaut, has been named assistant vice-president in charge of underwriting.

## *Companies Failing To Get Graduates, U. Of Minn. Reports*

Efforts of insurance companies to attract graduates of the University of Minnesota have not been particularly successful, according to placement officers at the school. They blame the companies for poor methods of recruiting.

Instead of sending home office representatives, the companies have had local representatives interview graduates. Placement officers say the local insurance men have had little or no experience in such interviewing and occasionally misrepresent the opportunities offered by companies.

## Annals Now Quarterly

The CPCU journal, Annals, will be published quarterly beginning with the summer issue, June 15. The regular schedule of publication has been made possible by the pledges of 21 local chapters to underwrite a portion of the cost.

# Conventions

May 8-10, Alabama agents, annual, Stafford Hotel, Tuscaloosa.

May 8-10, Pennsylvania agents, annual, Hotel Hershey, Hershey.

May 9, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 9-10, New York mutual agents, annual, Hotel Syracuse, Syracuse.

May 9-11, American Mutual Insurance Alliance, annual, Edgewater Beach Hotel, Chicago.

May 9-11, National Assn. of Independent Insurance Adjusters, annual, Broadmoor Hotel, Colorado Springs.

May 9-12, National Assn. of Insurance Brokers, annual, Ambassador Hotel, Chicago.

May 10, Assn. of Casualty & Surety Companies, annual, New York.

May 10-12, National Assn. of Insurance Commissioners, Zone V spring meeting, Biltmore Hotel, Oklahoma City

May 12, National Independent Statistical Service, annual, La Salle Hotel, Chicago.

May 12, Surety Assn. of America, annual, Astor Hotel, New York City.

May 13-14, Mountain States mutual agents, annual, Antlers Hotel, Colorado Springs.

May 13-14, Oklahoma agents, annual, Hotel Tulsa, Tulsa.

May 15-16, Vermont agents, midyear, Woodstock Inn, Woodstock.

May 15-17, Virginia & District of Columbia mutual agents, annual, Shoreham Hotel, Washington, D. C.

May 15-18, New York agents, annual, Concord Hotel, Kiamesha Lake

May 15-18, North Carolina agents, annual, Carolina Hotel, Pinehurst.

May 16-18, Health Insurance Assn., annual, Statler Hilton Hotel, Dallas.

May 16-18, Insurance Accounting & Statistical Assn., annual, Sherman Hotel, Chicago.

May 17-18, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.

May 19-20, Central Claim Executives Assn., spring meeting, Lake Lawn Lodge, Delavan, Wis.

May 19-20, Arkansas agents, annual, Arlington Hotel, Hot Springs.

May 19-21, Texas agents, annual, Austin Hotel, Austin.

May 25-27, National Assn. of Independent Insurers, workshop, Jack Tar Hotel, San Francisco.

May 26, National Board of Fire Underwriters, annual, Commodore Hotel, New York.

May 26, Hawaii agents, annual, Oaku Country Club, Honolulu.

May 27-28, National Assn. of Insurance Commissioners, subcommittee to review fire & casualty rating laws & regulations, Fairmont Hotel, San Francisco.

May 29-June 1, American Assn. of Managing General Agents, annual, Cloister Hotel, Sea Island, Ga.

May 30-June 3, National Assn. of Insurance Commissioners, annual, Fairmont Hotel, San Francisco.

June 1-2, Home Office Life Underwriters Club of the Western States, annual, Del Monte Lodge, Pebble Beach, Cal.

June 8-10, Maryland agents, midyear, Commander Hotel, Ocean City.

June 9-11, Florida agents, annual, Fontainebleau Hotel, Miami Beach.

June 12-15, Conference of Mutual Casualty Companies, management conference, Park Place Hotel, Traverse City, Mich.

June 13-16, National Assn. of Insurance Women, annual, Denver.

June 14-16, Wisconsin agents, midyear, Androy Hotel, Superior.

June 15-19, National Assn. of Public Insurance Adjusters, annual, The Concord, Kiamesha Lake, N. Y.

June 16-17, Delaware agents, annual, Rehoboth Beach Country Club, Rehoboth Beach.

June 16-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.

June 16-17, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 16-18, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 19-22, Insurance Advertising Conference, annual, Biscayne Hotel, Key Biscayne, Fla.

June 21-23, Wisconsin agents, midyear, Androy Hotel, Superior.

June 26-29, Virginia agents, annual, Cavalier Hotel, Virginia Beach.

July 7-9, International Assn. of Insurance Counsel, annual, The Greenbrier, White Sulphur Springs, W. Va.

July 17-20, Consumer Credit Insurance Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.

August 7-12, Honorable Order of the Blue Goose, annual, Sheraton Cadillac Hotel, Detroit.

August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

## America Fore Names Boyd Executive V-P

George A. Boyd has been appointed executive vice-president of the four domestic America Fore companies of the America Fore Loyalty group.

George A. Boyd

Mr. Boyd joined Continental in 1926 as a financial investigator at the home office. He was appointed an assistant secretary of America Fore companies in 1928 and vice-president in 1954.

He is a director of Niagara, Fidelity & Casualty and Niagara of Bermuda.

### *Crashed Belgian DC-4 Valued At $260,000*

The DC-4 Sobelair plane which crashed on a flight from Brussels to Elizabethville in the Belgian Congo was valued at $260,000. The hull was insured through the Belgian Aviabel, the London market and in the U. S.

### Internatl. Service Names Dillard; Piland Retiring

Ralph Piland, vice-president and claims manager of International Service, is retiring after 17 years with the company. He will be succeeded as claims manager by Allen Dillard.

Mr. Dillard, who has been assistant claims manager for two years, will be in charge of claims for Worth Ins. Co., Roberts & Rhea, insurance managers, and Fort Worth Lloyds in addition to International Service. Before joining the company, he had been vice-president of Claims of Houston F.&C. and branch claims manager for Texas Employers.

### Utica Mutual Appoints Texas General Agency

Gene Watkins & Co. general agency of Houston has been appointed to represent Utica Mutual in Texas. The agency, headed by Eugene W. Watkins, has been in business since 1946.

### New ADT Chicago Office

American District Telegraph Co. has moved its Chicago sales, plant and accounting offices to new headquarters at 175 West Jackson Boulevard. The new office includes a studio equipped to give working demonstrations of the company's electric protection systems. None of ADT'S five Chicago central stations is affected by the relocation.

### *Interstate F.&C. Has New Policy*

Interstate Fire & Casualty is offering a new accident policy providing protection world-wide for families at a $35 annual premium. Coverage is for the family unit of parents and unmarried, dependent children from age 30 days to 19 years for $5,000 loss of life and $250 medical on the husband, $1,000 and $250 on the wife, and $500 and $125 on each child. Accident medical expense benefits are subject to $25 deductible.

### *Award For The Hartford Agent*

The Hartford Agent, publication for agents of Hartford Fire group, won a traffic safety award from American Assn. of Industrial Editors. The prize-winning article "Can We Halt Our Highway Horror?" was written by a Tennessee judge and submitted to the magazine by W. L. McDonald, vice-president of John Bailey agency of Knoxville. The award for the illustrated article was accepted by Ernestine R. Robin, editor of the Hartford Agent.

**Combined** of Chicago has been licensed in the Canadian provinces of Alberta and Saskatchewan. It is already licensed in six other Canadian provinces.

### *Reliance Names Rieder, Spackman And Murphy*

Reliance has advanced Matthew A. Rieder and Charles T. Spackman from assistant secretaries to secretaries. Mr. Rieder has major responsibilities in the underwriting and production of casualty business. Mr. Spackman is in charge of the property damage claim department.

John A. Murphy of the New York departmental office has been named an assistant secretary. He has been in charge of the New York inland marine operations and will continue in that capacity.

### Kistner Retires After 38 Years In Business

Arthur Kistner, assistant treasurer of Yorkshire and Seaboard F.&M. of America Fore Loyalty group, has retired. He joined North British in 1922 and went with Yorkshire as supervisor of the accounts unit in 1930. He was named office manager at New York in 1939, and assistant treasurer of both companies in 1947.

## Auto Plans On Agenda Of Mutual Companies' June Management Meet

A panel discussion of the new auto rating plans will be featured at the management conference of Conference of Mutual Casualty Companies, June 12-15, at the Park Place Hotel, Traverse City, Mich.

The panel, entitled "The Soundness, Public Appeal, and Acceptance of the Merit and Demerit Automobile Insurance Rating Plans," will consist of John F. Harris, vice-president Travelers; Charles Eberhard, vice-president National Casualty; S. Alexander Bell, manager National Independent Statistical Service, and R. G. Jamieson, general manager Detroit Automobile Inter-Insurance Exchange. Also speaking on the first day of open sessions will be Carl L. Strong, Michigan State University, who will suggest solutions to top management's problems.

Howard J. Stoddard, president Michigan National Bank; Hyde Perce, secretary mutual insurance committee on federal taxation, and Reverend Clarence R. Rahn, Temple, Pa., will speak on the second day.

J. P. Byrne, vice-president A. M. Best Co., will describe how "Best Looks At Management," on the third day. Arnold E. Schneider, Western Michigan University, closes out the meeting with "Top Management Girds for the Future."

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**Pan American** companies have named Thomas O. Morris Jr. to the Houston underwriting staff. Prior to joining the company he was with the Mutual Rating Bureau in New York.

## Otto Holmskog Retires; Employers Mutuals Raise Ward, Huntman

Otto S. Holmskog, one of the leading construction safety specialists in the world, and perhaps the first to be hired by an insurance company, has retired from his post with Employers Mutuals of Wausau. In accordance with his retirement, two safety specialists have been given new responsibilities.

Ralph L. Ward, Illinois branch safety engineer, has been moved to the home office. His work will include research and development of technical and educational material for engineers and policyholders. He also will aid the underwriting department in developing rates for major construction risks and in determining their desirability.

J. F. Huntman, formerly a field construction specialist at Albany, is also assigned to the home office staff but will be located at the Illinois branch in River Forest. In addition to taking over some of the field service work on major Illinois construction policyholders, he will represent Employers Mutuals in liaison with the National Safety Council, National Assn. of Mutual Casualty Companies, Associated General Contractors and other organizations.

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## Federal Mutual Appoints Dahlmann, Three Others

Bernard C. Dahlmann, executive vice-president of Federal Mutual, has been appointed secretary in addition to his present office.

Newly appointed officers are Raymond W. Richert, resident secretary, Wilbur B. Lindsay, assistant treasurer, and Donald H. Brown and William C. Horan, assistant secretaries. Mr. Richert is production manager for Illinois and Iowa, and Mr. Lindsay is manager of the accounting, commission and premium departments. Mr. Brown heads the underwriting analysis department, and Mr. Horan is production manager.

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**Russell M. Caughron** has rejoined Aetna Casualty in the marine department at Louisville. He was with the company for a number of years before leaving 12 years ago to go with the Nahm & Turner agency.

## Ohio Farmers Names Three In Pa., N. Y.

Ohio Farmers has named Andrew L. Hanigan agency manager of the eastern department at Philadelphia, and Robert D. Bange manager of the Philadelphia metropolitan department. Daniel P. Sullivan has joined the company as state agent in charge of the suburban New York field to succeed Mr. Bange. Mr. Sullivan's headquarters will be at Hempstead, N. Y.

Mr. Hanigan joined the company in 1945 as special agent in eastern Pennsylvania and Delaware. Later he was in the New Jersey field before his appointment in 1955 as state agent of the Philadelphia suburban territory.

Mr. Bange, with the company since 1956, began as special agent at Pittsburgh, and advanced to state agent there. He was transferred to Hempstead in 1958. Mr. Sullivan was with American before joining Ohio Farmers earlier this year.

## Zurich Names Winnebeck To IM Underwriting Post

Zurich has appointed Arthur P. Winnebeck manager of inland marine underwriting to replace Ray E. Hedges, who has resigned. Mr. Winnebeck was superintendent of marine underwriting of Fireman's Fund from 1934 to 1949. Recently he has been supervising underwriter of the inland marine department at Chicago of William H. McGee Co.

**Selwyn D. Flowers & Associates,** a multiple line claims service, has been opened at Houston by Selwyn D. Flowers. The specialty is pre-trial investigations and jury polls for the defense only.

## Taylor, Addy To Seattle And Detroit For Zurich

Zurich has appointed William S. Taylor sales superintendent at Seattle for Washington and Oregon and Donald Addy at Detroit for eastern Michigan. Albert D. North has joined the company as field representative for Washington and Oregon and L. F. Curneen becomes superintendent of claims at Portland, Ore.

Mr. Taylor, who has been a field representative, joined Zurich in 1956. Before that he was with Seeley & Co. and London & Lancashire. Mr. Addy, who went with the company last month, has been in the field for Fireman's Fund and Continental Casualty.

Mr. North has been with William H. McGee & Co., Coast Underwriters Ltd., and in marine claims for Marsh & McLennan. Prior to his appointment Mr. Curneen was an investigator and adjuster at Los Angeles. He has been with Zurich seven years and before that was with Transit Casualty.

## Continental Casualty Names 3 To Surety Posts

Continental Casualty has appointed Frank M. Williamson and John A. Callahan surety underwriters at Atlanta and Los Angeles, respectively, and Frank J. Stapf casualty and surety special agent for eastern upper New York state.

Mr. Williamson has been with National Surety for eight years, and Mr. Callahan, who joined the company in 1957, has been in the home office surety underwriting department. Mr. Stapf has had experience with Maryland Casualty and Massachusetts Bonding. He will work out of Albany.

# Blames Public's Dual Morality, Industry Attitudes And Inertia For Claim Trends

The impact of $12 million a working day being paid by insurers to obtain liability releases is just too much for the public fabric of honesty and integrity to withstand. Hence, at the bottom of the problem of unjustifiable liability claims is the dual morality of the public—people who wouldn't think of cheating the grocer, but who feel no compunction about stealing from anything so impersonal as an insurance company.

These sentiments were expressed by Edward P. Gallagher executive vice-president and general counsel of American States, who spoke at the annual Ohio Insurance Conference at Ohio State University. When the recipients of all this money are not only ordinary honest people, but also those who are dishonest and avaricious, along with a small percentage of lawyers, doctors, police and hospitals who are grasping by nature "you have the makings of a real national moral and economic problem in the liability insurance business," he said.

**Blames Companies In Part**

Mr. Gallagher put part of the blame on the insurance companies themselves for the fix they are in. Many short-sighted companies, he said, permit sales and underwriting to monop-

(CONTINUED ON PAGE 30)

# NACCA Leader Praises Contingent Fee System, Assails Its Critics

The contingency fee system was praised and its critics scored by Louis Ashe, president of National Assn. of Claimants Compensation Attorneys, who spoke at a personal injury seminar at Milwaukee sponsored by the Wisconsin chapter of NACCA.

Declaring that "the contingent fee is the poor man's key to the courthouse," Mr. Ashe said that without the contingent fee lawyer, the noble phrase, "equal justice under law," would lose most of its luster and certainly all of its substance.

**Insures "Day In Court"**

"It is the trained lawyer, capable and willing to pour into every legitimate cause the precious units of his life expectancy and a substantial part of his life's earnings, who makes it possible for hundreds of thousands of Americans to achieve a meaningful day in court," he said.

"For every fee from the so-called 'substantial' or 'big' case, there is a constant reinvestment of the sums achieved in order to insure still another, completely indigent client of a day in court."

Mr. Ashe, a member of the widely known personal injury law firm of Belli, Ashe & Gery, San Francisco, was particularly miffed at an article entitled "The Personal Injury Racket," which appeared in a national magazine. He termed it a "scurrilous indictment of a profession."

He said: "We are told that it is unwise and detrimental for an injured person to go to a lawyer. This is nothing but brainwashing born on Madison Avenue calculated to achieve indirectly that which is prohibited directly—the obstruction of justice.

**Influence On Juror**

"The ultimate aims of these campaigns is to influence the juror to ignore the evidence, particularly in the matter of damages. Insurance companies are behind these campaigns," he declared.

Another seminar speaker, Attorney General Miles Lord of Minnesota, reported that a new concept of rehabilitating injured patients has brought about greater cooperation between doctors and lawyers. "Doctors are not as reluctant to take the witness chair in court today as they were in the past because the medical profession realizes that part of an injured person's rehabilitation includes financial compensation from those responsible for the injury or illness," he said.

Years ago, Mr. Lord said, doctors

got a law course to protect them from malpractice suits and were advised to stay away from lawyers as far as possible. "In the past, lawyers had to beg, cajole and compromise in order to get doctors to come to court to testify in behalf of their patients."

"Today, doctors have recognized they have a duty not only to cure their patients, but to help resolve the legal-medical problems arising from their patients' injuries and illness."

He commented that compensation won by the injured or sick on the basis of medical testimony prevents them from becoming public charges and aids tremendously in their rehabilitation.

## Quarter Century Club Of Atlantic Mutual Elects

Atlantic Mutual's Quarter Century Club of employes with the company 25 years, elected F. Norman Christopher, New York hull secretary, president.

Also elected at the annual meeting in New York were Carlisle H. Boger, vice-president and Madeline G. Simpson, secretary-treasurer.

Miles F. York, Atlantic Mutual president, presented gifts to new members of the club: Harry K. Lubkert, senior vice-president at New York; Gardner W. Brown, Boston manager, and Susanne M. Higgins, supervisor at San Francisco.

### *Indianapolis Women Elect*

Indianapolis Assn. of Insurance Women has elected Mrs. Marie Slagle president. Mesdames Nettie Bartlett and Barbara Zimmerman are vice-presidents, Mrs. Wanda Wetzel and Miss Betty Ayres, secretaries, and Miss Gertrude Kirn, treasurer.

## *Fear Of Radioactivity Delays Buffalo Firemen At $200,000 Blaze*

The presence of radioactive material hampered firemen at a blaze which damaged the Medical Foundation of Buffalo and the Buffalo Hearing & Speech Center. Estimated insured loss was $200,000, of which $50,000 was on the building and $150,000 on the contents. Royal-Globe, National Fire and Fidelity-Phenix were reported to be on the risk.

Discovery of the fire was delayed, and the entire second floor was engulfed before the firemen arrived. The presence of radioactive material made it necessary to fight the blaze from some distance while the premises were checked with geiger counters.

## Nationwide Corp. Declares Two Stock Melons For '60

Directors of Nationwide Corp. have declared two stock distributions for 1960, each at the rate of one new share for each 40 shares held on record dates, April 29 and Oct. 31. They will be the fifth and sixth share distributions to be made since Nationwide's stock became publicly held in 1956.

## Preferred Increases Shares

Stockholders of Preferred of Grand Rapids have approved a plan to increase the number of authorized shares from 300,000 to 500,000. At the same meeting John E. Powers, president of the Massachusetts senate, and T. J. Bouwkamp, vice-president and director of agencies, were elected directors.

In the first quarter, Preferred shows a premium gain of 12.1%.

# Auto Men Are Told How Design Influences Rate Making

(CONTINUED FROM PAGE 11)

with the new design, accounted for nearly 50% of all loss payments under comprehensive. By 1958, insurers were paying $9½ million for windshields in Michigan alone.

Mr. Tanner said the increased cost of the windshield and the increased labor charges provide the obvious answer. Before the windshield was made into a compound curve, the lowest replacement cost was $38. By 1959 the replacement cost for a windshield on the same car was $134. The average increase in cost of windshields on all cars was 137%.

Costs account for a good part of the reason why $9½ million is being spent on windshields, Mr. Tanner said, but another reason is that the number of windshield claims has nearly doubled. At the same time all other comprehensive claims for other than windshield damage have increased only 11% and their average cost is up only 41%.

Within the statistics of windshield losses, Mr. Tanner observed, is an example of the effect which car design can have upon insurance. Until the compound windshield was introduced, there was almost never any difficulty about the definition of glass breakage. But now, insurers have to distinguish for many of their insured the difference between breakage and normal wear and tear represented by nicks and abrasions in areas of the windshield which do not involve a visual problem and are thus not a threat to safety.

### Consider Slightest Mar

What has happened is that a tendency has arisen among motorists to consider even the slightest mar on the windshield as damage, calling for replacement because the windshield is now so much more important a part of the appearance of the car. Some glass and general repair organizations have not been above taking advantage of this development by encouraging insured to make unneeded replacements. The higher level of windshield cost has tempted some dealers who have insisted upon windshield replacement claims at the time of sale or trade-in, but have not replaced the windshield but have pocketed the insurance check.

Mr. Tanner pointed out that this has required some additional insurance cost in the form of windshield claim inspection.

Another aspect of the effect of design changes upon motorists, and thus upon insurance, has been the development of a tendency to seek replacement instead of repair of damaged parts. The effect of modern styling upon many motorists, he explained, has been to create a conviction that such a fine looking car could not or should not be bumped back into shape or welded without impairing its appearance. Many garages share this opinion and are reluctant to make such repairs. In fact, said Mr. Tanner, some of the modern body parts, such as the sharp ridge of tailfins, actually can't be repaired.

### Had To Give Instruction

His company, he added, had to provide instruction and example to garages by a body repair specialist of its own before soaring replacement cost on every claim for one type of body part could be restrained.

Auto physical damage losses in Michigan increased from $26.7 million in 1947 to $84 million in 1958. Mr. Tanner observed that this is a jump of 214%. The average rate for PHD has increased only 50% in the same period, including the $3 surcharge on comprehensive for cars with windshields costing $100 or more.

Describing this as the minimum picture of cost effect, Mr. Tanner said the Michigan figures are better than those in other states. A 214% increase in physical damage loss resulting from a 61% increase in accidents "does cause us to wonder if there might not be a better way in some as-

pects of car design," he said.

Insurers are extremely interested in what develops in the compact car market. So far there is not enough experience to organize valid statistics. The most recent check he ran, Mr. Tanner said, was on 48,000 claims and only 27 of them involved compacts.

**Some Propose Discounts**

Some companies are proposing discounts for compact cars predicated on what may be expected in losses based on a relatively small volume of experience. A change in design trend away from some of the cost influences that have developed in the standard size cars would seem to give promise that the compacts will be less costly to repair, Mr. Tanner observed, but there is a strong indication also that it may be some time before the cost decrease is realized, while in the meanwhile they may be more costly.

Damage-prone parts cost less, but unitized construction requires new repair skills and adaptation of present equipment. Until repair people acquire both the skills and equipment, it is anticipated that the insurers will pay for excessive repair labor time. An important factor, Mr. Tanner said, will be the length of time it takes the auto people to do the job of training and equipping of dealers and independent repair garages.

Another consideration is how compacts will be used. If they are second cars in a family, they are already subject to a 25% rate discount reflecting their reduced exposure. If they are driven by youthful males they are subjected to aggravated loss exposure. The lower cost of the basic compacts has automatically given them some rate reduction to begin with, but there are many more questions to be answered before insurance people will be able to appraise the rating of these cars.

## Organize Service Bureau For Milwaukee Agencies

National Insurance Service Bureau, a service organization for local agent members, has been organized at Milwaukee.

M. Edward Wilson will head the bureau, and other officers are J. Stewart Murphy, vice-president and general counsel; Michael A. Durante, secretary, and Thomas Moeller, treasurer. Mr. Murphy is an attorney, and the other principles are local agents.

The bureau will perform various functions which will eliminate costly detail for members to allow them more time for production. It will offer a 24-hour telephone answering and insurance service to policyholders of members and will handle such matters as arranging for managing and assisting agencies during illness or vacation periods as well as perpetuation of business after death.

## Philadelphia Automobile Underwriters Elect Heath

Automobile Underwriters Club of Philadelphia has elected J. William Heath, Indemnity of North America, president to succeed William Koegel. Vernon P. Searfoss, Springfield F.&M., is vice-president, and Fred Coleman, National Union Indemnity, is secretary-treasurer.

## Mitchell Elected President

Edward Mitchell, St. Paul Mutual, has been elected president of Twin Cities Fire Underwriters Assn. Ronald Sonmore, Anchor Casualty, and Robert Anderson, Mutual Creamery, were named vice-presidents; John Brunes, Iowa National, secretary, and John Stenger, American Hardware, treasurer.

### *Mallett Back With Ky. Department*

John Mallett, after an absence of several years from the Kentucky department, is back with that organization as an examiner working out of the Louisville office. At one time he headed the casualty department of the state insurance department.

# Inflation, Courts, Claim Consciousness And Lawyers Blamed For High BI Costs

The discomforting rise in bodily injury claim costs was reviewed by Edward H. Schroeder, claims vice-president of Allstate, at a meeting of Insurance Buyers of Pittsburgh awhile back, and his remarks on the causes and possible counteraction, which have since evoked considerable interest, are reported herewith.

Mr. Schroeder named the four important influences in the increased bodily injury cost trend as inflation, courts and legislatures, the public's claim consciousness, and activities of certain plaintiff's attorneys. He said that it is an old axiom in the business that the older a BI claim gets the more it costs. This is particularly true during a period of rapid inflation and over-crowded courts which delay trials for three or four years. Also, jury verdicts are often unrealistic both as to liability and to the amount of damages awarded.

He said the courts and legislatures for many years now have been consistently making it easier for the plaintiff. He cited judicial interpretation which has weakened guest statutes, so-called humanitarian doctrine and the doctrine of Last Clear Chance, comparative negligence laws, increased limits of recovery under death statutes, and reluctance of many courts to dismiss cases that have no merit.

Mr. Schroeder reported a marked increase in the number of people making BI claims per accident. In some areas, this ratio has increased over 25% in the last few years. "I believe the major reason for this development is increased claim consciousness," he said.

### Submit To Blackmail

Other causes which he attributed to high claim costs were the avid solicitation of cases by hired ambulance chasers, and collusion between doctors, claimants, attorneys, and hospital staffs. Some plaintiffs' attorneys, he said, file suits with reckless abandon even on cases of little or no liability, hoping that a substantial nuisance settlement can be forced. "Unfortunately some insurers have been too prone to submit to this form of blackmail and pay something on such cases rather than incur the increasing attorneys' costs to try them. This, of course, only encourages the filing of more and more suits of this kind. I submit that companies should resist these cases vigorously even though the cost of the defense may exceed the settlement demand," he declared.

Propaganda has been issued by plaintiffs' attorneys to influence the public, the courts, the bar and legislatures to favor more and higher recoveries, he said. This publicity in newspapers and magazines conditions the public to the fact that sizable settlements and verdicts are the order of the day, and it raises the claimants' sights and ideas of value.

Mr. Schroeder said high contingency fees often are not merited "by the amount of time and effort expended on the case by the attorney and, to that extent, it is an unnceessary burden on the defendant and his insurer. Its existence tends to slow down the prompt and reasonable disposition of the claim and it is an increasingly important factor in the cost of claims."

### Notes Three Fundamentals

In his recommendations on controlling claim costs, Mr. Schroeder noted the three fundamentals of every successful claim operation: Proper organization and staffing; supervision, control and training, and a spotchecking program. He then described the action that his company had taken.

This began with a survey of the entire claim operation which analyzed the claims department's strong and weak points and the possibilities for improvement. Out of this study was developed a 10-point program of action:

1. Workloads were reduced 5% by hiring additional claims people.
2. The training program was stepped up and intensified.
3. Red tape in office procedures was cut by revamping internal office procedures and eliminating duplication.
4. A casualty dispatcher system was installed which enabled adjusters to contact claimants and insured before the ambulance chasers.
5. Accidents were reported faster by means of a simplified and illustrated

accident report form. The survey had found that 32% of insured took five days or more to report the accident and these five days are vital in investigating claims.

6. The material damage operation was improved. Competitive estimates were abandoned and the company hired its own experienced garage repairmen. Several years ago at principal offices, drive-in claim centers were established where both insured and claimant could drive the car to be appraised by material damage men.

7. An evaluator or second look program was installed under which most of the serious bodily injury claim files are reviewed before settlements are negotiated. The duty of the examiner is to place a realistic value on the claim based on information in the file.

8. Serious bodily injury claims were negotiated by top men.

9. Inventory was made of pending bodily injury claims. By recording of certain information from these files, local managers are able to get a complete picture of the kinds of claims pending and their disposition. The managers can then pick and choose in a planned and systematic way the proper disposition of the cases.

10. A spotchecking and review system was instituted to assure management that good claim practices are being carried out.

**Costs Held In Line**

He reported that as a result of the Allstate program, the claim service as measured in a recent survey of insured and claimants was well received. While claim costs were not reduced, they were held in line.

"I'm sorry to say, that despite all of the hard work that the claim department has already done, and anything that we can do in the future, that both the short and the long range outlook is for a continuance of these rising claim costs," Mr. Schroeder declared.

"In my opinion, no claim department, or insurance company, or the insurance industry, alone can control or stop this rising trend. There will be no major reduction in costs until, and unless, there is a drastic change in the external factors which are forcing these costs up."

He noted that the insurance industry is closely examined by regulatory authorities, courts and the public and is held to a high degree of accountability. This is as it should be, he said.

"But this should not be a one-way street," Mr. Schroeder declared. "I think that we have a right to expect and demand that the forces outside of the industry, that have such a tremendous effect on the costs, should also be held to a correspondingly high degree of both moral and legal responsibility. To date, I do not think they have demonstrated such responsibility."

## Rogers Is Secretary Of Loyalty Companies

William P. Rogers has been named secretary of the four domestic Loyalty companies of America Fore Loyalty group. He will assist Charles A. Dupuis, vice-president at Newark.

Mr. Rogers joined Loyalty group in 1923 as a clerk with Concordia Fire in Milwaukee. He was transferred to Newark as an assistant examiner in 1926, and in 1936 he became a special agent in eastern Pennsylvania. In 1938 he became special agent for all loyalty companies in New Jersey and advanced to state agent in 1950. He has been manager at Trenton since 1959.

## Awards For Two Safety Films Of National Board

Two of National Board's 1959 fire prevention films have been voted merit awards by National Committee on Films for Safety. "The Challenge" was cited in the home safety category, and "A Tale of Two Towns" in the occupational safety class.

"The Challenge" illustrates crimes of carelessness which cause most fires, and gives common-sense prevention procedures. "A Tale of Two Towns" shows fire fighting in two communities and how fire department salvage operations can minimize damage, and increase public regard for the fire services.

Films are available on a free loan basis from National Board's film library, bureau of communication research, 267 West 25 Street, New York, 1, or west of the rockies, from National Board at 465 California Street, San Francisco, 4.

## *Mich. Mutual Liability Shifts Two*

Michigan Mutual Liability has appointed Joseph A. Stine assistant manager of the home office fire underwriting department and M. Lloyd Dean Detroit metropolitan regional fire underwriter. Mr. Stine was in the Detroit fire underwriting department, and Mr. Dean was on the home office fire underwriting staff. Both have been with the company since 1956.

**Celina Mutual group** of Celina, Ohio has appointed W. Robert Crider personnel assistant. He has spent 10 years in personnel guidance and teaching in Ohio high schools.

# Field

## Georgia 1752 Club Holds Agents' School

Georgia 1752 Club has completed its 3rd school for agents at the University of Georgia. Agents from Georgia, Alabama and South Carolina participated, and enrollment was up 20%.

The curriculum consisted of various aspects of profitable agency operation, talks and discussions on homeowners and life insurance and developing proper methods of communication with the buying public.

Speakers included Kenneth Black, Georgia State College; Leighton Ballew and Jeff Cobb, University of Georgia, and speakers from various segments of the insurance industry.

A panel on survey selling was held during night classes. This was headed by E. A. Ulrich, vice-president Utica Mutual and Hubert Covington, southeastern manager Andover companies.

## Royal-Globe In Four Western Field Shifts

Royal-Globe has transferred Victor C. Dede, special agent, from Lincoln, to North Platte, Neb., where he will supervise the western part of the state. He succeeds Eugene A. Roche, state agent, who has been transferred to western Iowa with headquarters at Sioux City.

John A. Wherry has been named state agent for northeastern Nebraska at Omaha. He has been at Sioux City. Frank J. Herrick, formerly at Omaha, has been transferred to St. Louis.

Mr. Dede joined the company in 1957, Mr. Roche in 1955, Mr. Wherry in 1950, and Mr. Herrick in 1945.

## Pacific Employers Names Three In So. Cal. Field

Pacific Employers group has assigned Kenneth J. Ford and Charles C. Farris as special agents at Los Angeles and Otis Cooper at Long Beach.

Mr. Ford served previously at Sacramento and Los Angeles. Mr. Farris, who entered the business in 1946 with Continental Casualty, has also been with the Kemper companies and Republic Indemnity. Mr. Otis started in 1952 with Hardware Mutuals of Wausau and later went with General of Seattle.

## Name Eaton At Atlanta

Central Mutual of Van Wert has assigned Clayton E. Eaton to Atlanta as special agent for Alabama, west Florida and west Georgia. He joined the company in 1955 and since 1957 has been in charge of automobile and casualty underwriting at Atlanta.

## Loyalty Group Names Massi

Loyalty group has appointed Anthony Massi special agent in Mercer County, N. J. He was with a local agency in Trenton before joining Loyalty group there in 1954.

## Alamo Field Club Meets

Coordination of all segments of property insurance when disaster strikes was studied at the April meeting of Alamo Field Club at San Antonio. Participating in the discussion were Harry Blair, Commercial Standard; W. J. Harding, Austin; T. R. Longmire, Lloyd Caldwell Claims Service, and C. A. Hutto, General Adjustment Bureau.

It was agreed that a coordinated program should be developed among insurance producers and service adjuncts in time of disaster so that insured knows his interests are being cared for.

## National Fire Opens No. Indiana Field Office

National Fire is opening an office at 1616 Mishawauka Avenue, South Bend, to service northern Indiana. State Agent Howard E. Buetow, who has had his headquarters at Chicago, will be in charge of this office and will be assisted by Special Agent J. D. Pinegar who is being transferred from Indianapolis.

## Foulds In Conn. Field

Boston has appointed Robert T. Foulds multiple line special agent at Hamden, Conn. He was formerly Los Angeles special agent of Pearl.

## West Bend Names Tilghman

West Bend Mutual has appointed William B. Tilghman special agent in Chicago. He will work out of the Chicago office servicing Illinois. He is a graduate of Virginia Polytechnic.

## Korpela To Grand Rapids

Phoenix of Hartford has appointed John H. Korpela western Michigan special agent at Grand Rapids. He has been with Michigan Inspection Bureau for 4½ years.

## Harrison In Wash., Ida.

New York Underwriters has appointed Richard H. Harrison special agent at Spokane for eastern Washington and northern Idaho. He has been in local agency work at Longview, Wash.

### *To Dallas For Hartford Accident*

Hartford Accident has appointed Ronald E. Jones bond special agent at Dallas. He joined the company in 1958 and attended its home office training center.

## Society Of Accountants Holds First Conference

Society of Insurance Accountants held its first conference May 1-4 at Pocono Manor Inn, Pocono Manor, Pa. The society was formed by the association of Insurance Accountants Assn. and Assn. of Casualty & Surety Accountants & Statisticians.

The conference arrangements committee comprised James W. Conners, Travelers, chairman; Paul H. Hunt, Phoenix of Hartford; Michael J. Roche, Corroon & Reynolds; Fred L. Ziegler, American Home; E. F. Weller Jr., Maryland Casualty; and Robert Maloney, Metropolitan Fire.

## McComber At San Diego For Industrial Indemnity

Industrial Indemnity has appointed Donald H. McComber manager at San Diego, succeeding Roger N. Atkinson, who has been transferred to Portland, Ore., in a similar capacity. Mr. McComber joined the company in 1954 and has been a special agent at Salt Lake City.

The **Meritmatic** economy auto plan of Zurich group has been approved in New Mexico. This is the 25th state to approve the plan, which is written in American Guarantee.

# A&S

## IAAHU Sets June Annual; Audio-Visual Sessions Featured

The 30th anniversary of International Assn. of A&H Underwriters will be commemorated at the 1960 convention in Chicago, June 15-18, at the Conrad Hilton Hotel.

Highlights of the convention include a specially prepared audio-visual session and the presentation of the 1960 Harold R. Gordon man of the year award.

The audio-visual sessions will be moderated by E. L. Bennett, president Elba Corp., Boulder, Colo., and Richard Gilmore, vice-president Continental Casualty. The latest in hospital, sickness, and disability film strips, as well as the latest projection equipment, will be demonstrated.

The Gordon award, called the "A & S Oscar," is given each year to the man who has taken the leading role in the development of the A&S business and the aims of the association. The 1959 winner was William B. Cornett, Prudential, A & S committee chairman of LIAMA.

Heading the list of speakers is Frank Bettger, author of "How I Raised Myself from Failure to Success in Selling."

Robert Osler, former editor of Insurance Salesman will talk on the integrated life and disability sale.

Jack Schwartz, Los Angeles telephone expert, will demonstrate in a live performance how he was able to sell nearly $10 million of insurance with interviews set up over the telephone. Bill Veeck, White Sox president, will also speak.

## Await Facts On A&S Needs Of Aged, O'Connor Urges

No one knows the true facts concerning the needs of the aged in medical care, and for this reason alone Congress should be halted from making premature moves at this legislative session. This is the view of E. H. O'Connor, managing director of Insurance Economics Society, expressed at a monthly meeting of New York Assn. of Accident & Health Underwriters.

He urged those in the A&S business to write letters—rather than use impersonal post cards—to their congressmen and to point out the lack of adequate information on which to base legislation. Mr. O'Connor pointed out that the whole problem is now being studied by committees in states across the country, and the findings of these committees will be presented in 1961 at the White House Conference on The Aging. It would be ridiculous for Congress to enact definite legislation at this time only to find next year that the action does not fit the situation.

The problems of the needy aged can be solved by public assistance programs. The machinery of public assistance is already established and this seems the best solution until the facts of the situation are determined, he said.

## Business Man Is Prime Prospect For A&S: Osler

The business man is a prime prospect for disability income insurance, but he is neglected by agents, Robert Osler, president of Underwriters National, told members of San Antonio A&H Underwriters Assn.

Providing income for self and family is behind all endeavors whether it be in real estate or stocks and bonds, he said.

Mr. Osler exhorted agents to work to preserve the democratic form of government by having income provided by workers themselves rather than through government plans. He emphasized that every dollar received through government agencies comes at a high cost to the taxpayer.

## Tahl Is Secretary Of Loyalty In A&S Claims

F. Morrison Tahl has been appointed secretary of the four domestic Loyalty companies of America Fore Loyalty group. He will be in charge of Loyalty's A&S claims department at Newark, succeeding Rollin H. Brusoe, vice-president, deceased.

Mr. Tahl joined Loyalty in 1927 and has spent his entire career in the A&S field. He has been assistant secretary since 1957.

## Salesman's New Status Enumerated By Stone Before Peoria A&S Men

The American salesman—formerly the butt of farmer's daughter jokes—has risen to an esteemed status today, W. Clement Stone, president Combined of America, stated at a meeting of Peoria A&H Assn.

The saleman is now one of the important persons in the economy and he has achieved this position partly through the application of self-motivation's principles, Mr. Stone said. Without the aggressiveness and sound business judgment of salesmen, the present high level of national prosperity and productive capabilities would have been inpossible.

Mr. Stone said action by salesmen in all fields was responsible for selling or lifting us out of a recession in 1958. It has become more important than ever for the U.S. to keep its productive capabilities at the highest possible efficiency and to help other nations attain higher economic and industrial levels, he said. With American business now extending its operations to a world-wide basis, salesmen also are taking on the new role of implementing foreign policy through personal activities abroad.

## Miss Kassanitz Named IAAHU's General Sec.

Patricia Kassanitz, former membership secretary of International Assn. of A&H Underwriters, has been promoted to general secretary at the association's Chicago office. New duties for Miss Kassanitz include being receptionist and private secretary to the association's managing director, Bruce Gifford, and advertising manager of A&H Underwriter.

## White And Warne Receive Home Mutual Promotions

Home Mutual has promoted Richard E. White to vice-president and Ross J. Warne to assistant secretary.

Mr. White joined the company's sales department in 1950 and in 1956 became manager of public relations and advertising. Mr. Warne went with Home Mutual in 1952 as agency accountant and was appointed reinsurance manager in 1958. He has also been state development manager for Indiana and Kentucky.

## Ohio Farmers Has New Budget Plan

Ohio Farmers is making available to agents in Ohio, Michigan, Indiana, Illinois, Iowa, Minnesota, West Virginia and California, a new budget plan which is titled "Triple-S."

Insured may make payments on a pro rata basis in equal monthly, quarterly or semi-annual installments. The agent places the plan in operation by attaching an endorsement to each policy subject to installment payments. It is not necessary for the insured to sign a note or contract. There are provisions to permit a common installment date for two or more policies.

Ohio Farmers prepares and mails the installment notices, but the agent's policywriting procedure is unchanged except for the attachment of the installment payment endorsement. Budget business written under the "Triple-S" plan receives regular commissions.

## Uphold Ohio Verdict vs Charitable Hospital

COLUMBUS—Ohio supreme court, in a 6-0 decision, affirmed a $35,000 judgment against St. Elizabeth's Hospital of Youngstown in the death of Stephen Klema, following an operation in 1955. Negligence by a staff anesthetist was charged, and the court agreed that non-profit hospitals are liable for negligent acts of employes in the course of their duties, whether medical or administrative, just as employers of profit organizations are liable.

## Quinn, Dorsey Receive Calvert Fire Promotions

Calvert Fire has promoted Edward F. Quinn to assistant vice-president and Charles I. Dorsey to assistant secretary.

Mr. Quinn joined the company in Chicago in 1949 as an adjuster. He has been regional manager at Kansas City, territory manager at Baltimore and this year was appointed manager of business development.

Mr. Dorsey went with Calvert Fire in 1947 as an adjuster at Baltimore. He later became regional manager at Kansas City and divisional manager at Baltimore.

### *3 Texas Assns. Elect Officers*

Three local associations of Texas Assn. of Insurance Agents have elected officers. They are

—Fort Stockton: Walter Butz, president; Fred Jones, vice-president; and Wayne McFadden, secretary.

—Houston: Elbert E. Adkins, president; R. B. Bowen and John U. Bridge, vice-presidents; and John W. Daniel, executive secretary.

—Lubbock: Sammy Sutherland, president; Lester Grimes, vice-president; and A. C. Sanders Jr., secretary.

## *Traffic Deaths Are Down 16% In March*

The National Safety Council estimates traffic deaths in March were 16% below the same month last year —the greatest decrease recorded for any month since early in 1947. The March decrease represented a saving of 460 lives—2,400 deaths this March against 2,860 a year ago.

The sharp drop in March resulted in a January-February-March death toll this year 5% below the total for the same period in 1959. At the end of the first three months of last year the toll was running 5% above 1958.

## *Predicts No Federal Regulation Of Business*

(CONTINUED FROM PAGE 10)

elimination of such obviously coercive rules and restraints upon free trade and commerce as the 'single counter rule,' the 'in or out rule' the 'separation rule,' the 'non-intercourse rule,' the 'limitation of agency rule,' so also, in my opinion, will the anti-trust subcommittee study bring about further basic changes in state regulatory philosophy, particularly in the matter of regulation of rates, that will redound to the over-all public interest and thereby strengthen and further preserve state regulation."

Mr. Maloney said he believes the senate study will serve as a reminder of the paramount policy of Congress, "who remain the ultimate judge of the system, against restraints on free trade and competition."

Competition between the state governments and the executive or administrative branch of the federal government over regulatory jurisdiction of the insurance business is not good for either the public or the industry, Mr. Maloney declared, saying he has "enough confidence in the intelligence of Congress to believe that it will recognize this and, rather than additional federal regulation in specific areas, I expect the subcommittee study to bring about a restatement by Congress, possibly in the form of an amendment to public law 15, of the principles and objectives which it expects to be attained, as a guide for the states and the industry to the type of regulation and conduct that will tend to preserve state regulation and help discourage practices which could lead to congressional criticism or to restrictive legislation."

Mr. Maloney said state regulation on the whole has done a commendable job in "meeting the challenge during this trying and continuing period of adjustment."

### *Allstate Promotes Kiernan*

Allstate has promoted Thomas Kiernan to prospect development manager. With the company since 1956, he has been assistant advertising director since last September.

# Rentals Paid By Insurers At Airports Loom As Knotty Topic

(CONTINUED FROM PAGE 2)

setting up a bench mark, probably a percent of premiums, for rentals and then requiring the insurer to file its bid with the department concerned if the bid exceeds that mark. Beyond this, the commissioner might call a hearing to publicize an insurer's bid where the rental demanded seems exorbitant.

Mr. Pearson said that under the federal airport act of 1946 Civil Aeronautics Administration must make airport facilities available to the public on a fair, reasonable and non-discriminatory basis. This could be an avenue for action, he said.

Hulbert of Utah, Grubbs of Nebraska, Mathew Campbell of New York and Louis Baine of Louisiana also attended the hearing. Parker of Virginia looked in for a time but did not participate.

Mr. Murphy said that a key problem in this field is insurer capacity, which might be reduced if rentals continue to go up. Fidelity & Casualty of the America Fore Loyalty group and a member of Associated Aviation Underwriters, has assumed the trip accident business formerly conducted by Associated. William Churchill, formerly in charge of that division for Associated, now is with F.&C. He accompanied Mr. Murphy to the hearing.

Because of the small volume, the catastrophe potential, and high costs, Mr. Murphy said that management wonders if it should stay in the field.

He mentioned several approaches to the high rental problem but did not advocate all of them. They were:

1. Apply strict rate regulation, at least to the extent of keeping benefits in reasonable relation to premiums. Unrestrained bidding for port facilities can lead to monopoly by driving all but the strongest out of the market.

2. Require filing under the rate law, in which case the test of adequacy of air trip accident cover would have to be met. He didn't advocate this because the A&S business opposes rate regulation.

3. Department hearings to determine a top rental figure. The commissioner then would circularize the figure to insurers and require a filing if the insurer bid above it. This doesn't require legislation, it could be done immediately, and he recommended it.

4. Confer with airport managers. If this is not fruitful, commissioners and insures could publicize rentals. Perhaps a meeting with airport executives rather than managers would be fruitful.

5. Sell the coverage through airlines, with flight tickets. This could bring home to port operators that there are other ways of selling the business, which might make them more moderate in their demands. (Mr. Stone said that if the airlines were made the sole outlet, it would constitute a monopoly. Anyway, airlines presently do sell coverage if asked by the customer to provide it. Mr. Churchill said F.&C.'s business presently includes about $400 a month in premiums sold in this way.)

6. Set up an expense limitation for the business, as section 213 of the New York law does for life insurance. He doesn't advocate this, but such a course may be suggested, or even demanded.

### Losses From Surplus

Under questioning, Mr. Murphy brought out that commissions run 25%, and producers are not happy with that little. Rentals may be on a multiple year basis, so that little can be done about them unless the contract provides for cancellation. If the loss and expense ratio goes over 100, the money has to come from surplus.

Mr. Grubbs asked what had happened to the grand jury investigation of the aviation insurance business. Mr. Murphy said it is proceeding but deals principally with hull and liability. It

is not apt to get into trip accident rates.

Mr. Stone said that in 1955 when Mutual of Omaha entered this field with the purchase of Teletrip Corp., there were only two markets, Associated and Continental Casualty. With entry of Mutual of Omaha, rents went up, and the company had difficulty getting in. However, it did so and now has a sizable share of the market, perhaps 25%. However, it is still unable to break into the New York City market, he said.

He said the other two markets got together and each sold the other's coverage where the passenger wanted two policies. But the two declined to let Mutual of Omaha in on this arrangement. "We had to put in United Benefit Life for the second coverage," he said.

Some airports are far more desirable as outlets for the insurance than others, he added—Los Angeles than Omaha, for example. Whether the rental is exorbitant can't be measured by percentage. The insurer may lose money at a small airport where it pays 13% of the premium.

**No Anti-Trust Umbrella**

Mr. Stone doubts if the commissioners could give the insurers an umbrella of protection from the anti-trust laws if the whole market got together. Insurance departments don't have the authority to fix rentals, he said. Competitive bidding for airport privileges will continue "till the companies get some sense." He doesn't think the difficulty can be handled by legislation. Nor will permitting all insurers to sell at the same airport solve the problem. He said the abuses in the field don't justify section 213 type of legislation. When companies lose enough money, the situation will cure itself. At least rental money is used partly for the public benefit, in the improvement of airport facilities. There are only a few target areas that are causing the complaints. High rentals may be due, he said, to over-optimism of insurer representatives when they survey a port prior to bidding.

He conceded that port manager demands had forced up rentals. "We have been asked by port managers if we are combining with other insurers to cut rentals," he observed.

**Manager Demands Caused Rise**

John F. McAlevy of Health Insurance Assn. said that the benefits-to-premiums laws do not represent rigid regulation. While this legislation does "erode our position" a little, it is not rate regulation. He suggested that commissioners have access to chief executives of the states, and this route to a cure for high rentals might be explored.

"If rentals were regulated, what space would you get at airports," Mr. Pearson asked. Mr. Stone said that apparently the automobile rental people have solved their problem at airports by getting together and refusing to bid too high.

Donald Luckham and Arlo Klum of Mercury International commented on their situation at San Francisco. Mr. Klum said Mercury as an independent insurance agency sells cover in all four markets. Mutual of Omaha, for example, gets about 10% of the business at that airport. Mr. Stone suggested that Mercury as an independent agent made a better deal with the airport than the insurers could.

**Says Markets Are Cause**

John Henry of Continental Casualty said the markets themselves have created the problem of high rentals. That can't be cured by agreement, and rate regulation won't cure it because a company could still use trip cover as a loss leader. Even if a standard were established for rentals, a company could still bid more. However, he said that requiring submission of bids to the insurance departments would have a good effect. The commissioner then might act under the unfair trade practice law.

Mr. Klum said the insurers pay a fantastic price in relation to the space they use. "We're in the nickel toilet class now though we offer a banking type service. Banks pay on the basis of square feet."

Mr. Pearson said that the insurers couldn't get together and fix a rental ceiling but perhaps the commissioners could direct them to do so. Industry representatives doubted this. Commissioners can't direct companies to do something illegal. Commissioners don't have rate regulatory authority over A&S.

C. F. J. Harrington of National Assn. of Casualty & Surety Agents said producers are the victims of high rentals. He sees, as the only hope, hearings to establish a standard, in excess of which the insurer would have to file its contract. He believes the commissioner can do this within the purview of his administrative powers.

## *Lloyd Is Royal-Globe Boiler Manager*

Royal-Globe has appointed Edward R. Lloyd manager of the boiler and machinery department. He succeeds H. J. Brown, retired. Mr. Lloyd joined the group in 1954 as an engineer in the chemical hazards department. He was advanced to assistant manager of the boiler and machinery department in 1956.

### *Zurich Promotes Two Underwriters*

Zurich has promoted Willis McCullagh and Norman Stern, senior underwriters in the New York metropolitan department, to supervising underwriters. Mr. McCullagh has been with Zurich since 1953, and before that he was with General Adjustment Bureau and New York Life. Mr. Stern joined Zurich in 1955.

Hamilton M. Loeb Jr. (extreme right), vice-president Chicago Board, poses with some of Chicago I-Day dignitaries, who are, from left, Robert E. O'Meara and Edgar D. Tripple, I-Day committee members, and Lawrence R. Fisher Sr., immediate past president of the Chicago Board and currently a director.

# Chicago I-Day Fare Rich With Sales Tips

(CONTINUED FROM PAGE 2)

fold. First the particular problem was discussed by either Mr. Adams or Mr. Davis, and then they would put on a completely uninhibited skit or conduct an interview so burlesqueing the sales situation that no one could miss the point (and, unfortunately, a number of the demonstrations could have almost passed for real). This was followed by a concise set of suggestions for handling the specific problem involved.

The luncheon speaker, Daniel Q. Posin, professor of physics DePaul University, provided a real change of pace. Speaking on "Nuclear Energy and the Space Age," he managed—by his unique and droll delivery—to have his audience in gales of laughter from beginning to end. He nevertheless imparted interesting facts about space travel and conditions, including his opinion that the Russians will have men on the moon within five years.

I-Day, differing every way this year from previous ones, including the omission of the customary banquet, came in for a number of compliments. As usual, the day was sponsored by Chicago Board of Underwriters, and Peter M. Wolff was chairman.

At Chicago I-Day, from left, Herman Bartholomay Jr., Chicago Board president; Willard W. Krom, secretary and manager of the board, and Peter M. Wolff, I-Day committee chairman.



## Lefterson Joins May Co. As Insurance Manager

Stephens L. Lefterson, state agent for Royal-Globe in the metropolitan St. Louis area and well-known in the Missouri field, has been appointed to the new position of insurance manager for the May Department Stores Co. chain with headquarters at St. Louis. Mr. Lefterson joined Royal-Globe about 15 years ago and has served as state agent the past ten years.

### *S. F. Fire Underwriters To Meet*

J. R. Jones, vice-president of America Fore, will speak at the May 18 meeting of Fire Underwriters Forum of San Francisco. He will speak on "Lava in the Sugar" and will present a film on damage to sugar cane from lava.

John Wade has joined **Wiley Buntin** adjustment service as manager at Tupelo, Miss. Mr. Wade has had adjusting experience with Liberty Mutual, Manufacturers Casualty and State of Pennsylvania.

Wiley Buntin also has offices in Starkville and Columbus, Miss.

## Consolidated Mutual Has Premium, Surplus Gains

Consolidated Mutual of Brooklyn had a 35.2% increase in written premiums in 1959 compared with 1958. The 1959 volume was \$19,828,372. Policyholders surplus rose 27% to \$6,378,148. Assets increased 28.8% to \$33,741,848.

The company, which specializes in liability and workmen's compensation coverages, expanded its operations in 1959 and now has 13 branches in operation.

## Read With Brokerage Firm

Richard R. Read, formerly in the production department of Chubb & Son, has joined Flynn, Harrison & Conroy, New York, brokers and consultants. Mr. Read was in the New York and Dallas offices of Chubb & Son during his 12 years with that organization. In his new post he will be primarily concerned with developing new business and will also act as an account executive.

## R. W. McGrade Promoted

Phoenix of London group has appointed Robert W. McGrade superintendent of the A&S division of the home office.

### *Lemmenes Is Madison Manager*

E. H. Lemmenes has been named manager at Madison by Hardware Mutuals of Stevens Point. He replaces John McComb, who has been promoted to manager of the Wisconsin district with headquarters in the home office.

**Eastern Adjustment Co.** of Baltimore appointed Bruce Macnichol manager of the Baltimore branch office. Mr. Macnichol has been claims manager for American Surety at Chicago. Earlier he was with Royal-Liverpool group.

# 'attle Over Ad Program May Mean More Stormy Days For Big I

(CONTINUED FROM PAGE 8)
an at this time. Apparently it repsents too much of a departure from e present national campaign to be cted on at one session.

President Paul H. Jones of Tucson ad arranged to "package" the differnt features of the advertising proram which appeared on the agenda that they might appear in an ninterrupted sequence.

During the reports of the fund raisg committee by Mr. Johnson, the dvertising management committee by rchie M. Slawsby, Nashua, N. H., e quota allocation committee by erbert E. Thrall, Huron, S.D., the mpany participation committee by awrence H. Derby, Warren, Ark., nd the special proposal from Wisonsin offered by John J. Batenburg, tate director, and throughout all of e discussion which followed, a lid as placed on attempts to place a moon before the board, so that it was ot until after several hours that any ormal action was taken.

**est Financial Shape**

As far as 1960 is concerned, the AIA ad campaign is in better shape inancially than at any comparable ime in the past. Mr. Johnson reorted that 20 states have already exeeded their basic allocation (this as increased to 22 within a few hours fter he gave his report) and 32 states ave exceeded 70% of the basic alloation of those states, thereby insurng them of 13 weeks of local television. Ir. Johnson reported that $926,711 had een raised to date and that $725,877.41 ad been paid in cash. These figures ere increased when the Ohio assoiation presented Mr. Johnson with a heck for $50,000. This means that he fund raising campaign is some 82,000 ahead of last year.

Plaques were given to Alabama, rizona, Arkansas, Colorado, Connecicut, Delaware, Florida, Georgia, Marland, Mississippi, New Hampshire, North Carolina, South Carolina, Tenessee, Virginia, West Virginia and D.C., certifying that they had exceeded their quotas.

Mr. Slawsby reviewed the status of he 1960 program and presented a preview of the proposed 1961 program. He reported that the 1960 campaign s on schedule and that 60% of the membership now advertises locally in connection with the Big I program.

The foundation for the advertising program during 1961 is based on naional magazines. There are advertisements scheduled for Life, Newsweek, Saturday Evening Post and Business Week with regional advertisements to appear once again in either Look or Saturday Evening Post.

Television coverage will be upped to 196 stations next year. These will cover 98% of the TV homes in the country and provide an average weekly audience of about 22 million people. The theme for the 1961 program is "The Big Difference." The "Big Difference" is defined as the "continuing personal attention of your independent insurance agent."

The presentation of the 1961 campaign was received enthusiastically, but there was much sympathy for the remarks of Mr. Thrall when he deplored the present allocation method as unrealistic. He said that it is a basic rule of fund raising that the rich must always support the poor; that money must be raised where it is available.

He went on to point out that the national program will certainly deteriorate into a series of separate state programs unless the method of allocation is substantially altered. He said he doesn't like the present attitude of "accept your quota or get out."

Mr. Thrall recommended that all future quota systems be submitted to the individual states before being left to the approval of the state directors.

Mr. Derby had no formal report. He indicated that the members of the association are going to first have to decide whether they want company participation before any decision can be made as to how companies in sympathy with the advertising campaign will participate and for how much.

He suggested that perhaps each state may have a different idea as to just what company participation might be, and he warned that company participation is not going to be any cure-all.

Some observers felt, after listening to the debate on the advertising issue, that the advertising program does not have the unanimity of support that the vote on the matter at this midyear meeting might have indicated. But for the persuasiveness of Mr. Johnson, Mr. Slawsby, and one or two others, the matter might not have been resolved as it was.

There remain a number of areas of basic disagreement on which there could be trouble. Indiana, among others, is dissatisfied with the idea of kicking off the campaign before the cash to pay for it is on hand. An attempt by Howard J. Gescheidler Jr., Hammond, state director, to amend the 1961 program to provide that it would not begin until 50% of the basic quota of each state was paid in cash was defeated. Indiana was not happy about that.

California, Tennessee and Oklahoma, among others, mince no words about their dissatisfaction with the voluntary fund raising aspects of the program. Frank E. McGlaughon, Tennessee state director, termed fund raising the major headache of the whole program. He urged company participation on some basis.

The method of allocating quotas is another matter to be solved before the association's advertising activities can be regarded as permanent. At Cincinnati it was decided that each state will be given permission to review its quota and have the right to appeal before the quota is finally established by the executive committee. The basic method of quota allocation is still, presumably, unchanged. Many states appear unhappy about that.

All in all, the NAIA appears certain to find advertising still presenting some formidable problems at Atlantic City this fall.

# Blames Dual Morality For Claim Trends

(CONTINUED FROM PAGE 18)

olize their operations while regarding claims men as coming a dime a dozen. This attitude has been a factor in staffing insurance companies with men whose prime attribute was "agreeability to take a low salary because of inability. . ." He emphasized that "Management has to see that the claims staffs are up-graded if claims trends are to mend."

**Scores Industry's PR Efforts**

He was critical of the industry's efforts, or lack of them, toward public relations. The life insurance industry has been the only segment of the business smart enough to capitalize on public relations, he remarked, recalling a test which showed that public relations releases from the latter overwhelmed those from other types of insurance institutions.

"The job of national trade groups in fire and casualty, insofar as national releases are concerned, is fairly nonexistent today on any over-all planned level. I don't think their setup will work too well nationally. I feel this task of indoctrinating the people of our country concerning the true facts of fire and casualty insurance must be done at the state level." Local groups can reach their people, he said, "but today they scrounge around for helpful information and find it non-existent."

The insurance business has never conducted the necessary research to obtain facts to expose exaggerated claims. He recalled assisting a writer, Murray Teigh Bloom, whose article "When the Lawyer Gets the Spoils," appeared in the March issue of the Readers Digest. Mr. Bloom unsuccessfully sought case histories from insurance companies. The industry confessed that "although it had railed and ranted about fraudulent and exaggerated cases . . . it did not have any examples to change their allegations from conclusions to proven facts."

**Should Put Up Or Shut Up**

Men whose business has become afflicted with exaggerations, perjurers, unethical doctors, lawyers and claimants, have "never taken the time or trouble to follow leads after cases were settled, which would produce facts to prove the laments of the insurance criers of doom." He advised them to "either put up or shut up!"

Mr. Schroeder praised Assn. of American Railroads as the only body doing a good job in this respect. This association, he said, has a corps of men who investigate every case after settlement to see whether the plaintiffs were satisfied with the settlement, whether the plaintiff's lawyer took more money than he should from the case, whether offers of settlement as given by the companies were relayed to the injured, whether testimony of the permanency of injury was true or merely part of the quackery which so many times is alleged. "If we are going to expose the enemies of our companies, those 3% of the lawyers, the quack doctors, investigators, and hospitals, the exaggerated injured, we must have facts and spectacular situations to attract the attention of the public to prove it is being milked of its premium dollars," he declared. He suggested that the greatest help the national trade associations could give the industry would be to set up a clearing house of all kinds of insurance information and research.

**Charge Too Much**

Mr. Gallagher then broached the subject of "the responsibility of a new world for lawyers in a new world of morals." He quoted Melvin Belli, NACCA spokesman, who admitted that half the lawyers handling personal injury cases in his city charge their clients too much, and who urged lawyers to regulate themselves and reduce their fees before the state sets up a commission to do so.

Mr. Gallagher said that men "who conduct their law practice on a wholesale basis with clipping services and runners to find clients, with loans and other inducements offered to the injured with no regard to the merits of the case beyond the financial aspect, who use appeals to emotions and prejudices to the detriment of justice—these men are affecting the public interest without assuming any responsibility to the public." While the percentage of these lawyers is small, he said the threat posed to the American system of jurisprudence is great.

He noted two instances of remedial action. Chicago federal district courts have adopted the procedure of trying the damage action first; if no liability is found, the matter is ended. The medical aspects of the case are not presented unless liability is found. This method accomplishes two things: Prejudice engendered by injury in favor of the plaintiff is absent because this testimony does not deal with the injury at all; certain costs of the trial are eliminated if a verdict of no liability is returned.

Another rule passed in the Chicago courts provides for an impartial medical panel of experts. This assures a high type panel of impartial medical witnesses to contest the exaggeration which many plaintiff doctors are guilty of, particularly in the larger metropolitan areas, Mr. Gallagher said.

***Kemper Names Hardman, Pearson***

Kemper companies have named John F. Hardman and George I. Pearson to three-year terms on the junior board. Mr. Hardman is a fire claim examiner and Mr. Pearson an A&S supervisor.

# More Regulation Or Less? Regulators And Industry Eye Issue

(CONTINUED FROM PAGE 1)

Board agree with this view, he said—"it is my personal opinion."

Gerber of Illinois, subcommittee chairman, presided, flanked by Parker of Virginia, Leggett of Missouri, Hulbert of Utah, and Newell Alford Jr., New York deputy who sat in for the indisposed Superintendent Thacher. Smith of Pennsylvania, who is not a member of the subcommittee, sat on the dais with the other members and was one of the most insistent of the questioners.

A large and distinguished audience was on hand for the two day quiz, including Presidents James F. Crafts of Fireman's Fund, William MacLean of National Union, and Lester S. Harvey of New Hampshire. In addition, Mahoney of Maine and members of several department staffs were present, as well as senior executives of a number of companies and leading producers.

Among those who presented their views to the subcommittee were:

—Percy Chubb III, president of Chubb & Son, who believes that competitors should not be considered aggrieved parties under the rating laws but who believes that a good market can exist under the all industry or California type law.

—Bradford Smith Jr., executive vice-president of North America, who likes the California law.

### K. O. Smith Of NYFIRO

—Kenneth O. Smith, general manager of New York Fire Insurance Rating Organization, who urged encouragement and support of rating bureaus so as to avoid unreasonable competition against members and subscribers using bureau rates.

—Charles M. Close, executive vice-president of Great American, who, as vice-chairman of Inter-Regional Insurance Conference, outlined the importance of advisory organizations.

—L. C. Freeman Jr., manager of Virginia Insurance Rating Bureau, who pointed to the freedom of competition which exists under that state's legislative approach to rate regulation.

—Mr. Berry, who observed that bureau members have been under such a competitive handicap as to force their withdrawal, a development that is accelerating.

—John R. Barry, president of Corroon & Reynolds, who tackled Inter-Regional as being more "dictatorial than advisory." His remarks prompted Kent H. Parker, general manager of IRIC, to ask the commissioners for the privilege of filing a reply to Mr. Barry's "shotgun charges." Mr. Barry promptly asked for the right of rebuttal.

—Ambrose B. Kelly, general counsel of Factory Mutuals, who wants a rating law under which these companies can use their unique rating procedure.

### Viewpoint Of Mutuals

—Newell Johnson, general manager of American Mutual Insurance Alliance, who described present conditions in the business as "chaotic" and who urged "sufficient protection to make the restraints of bureau membership bearable."

—Robert N. Gilmore, general counsel of Assn. of Casualty & Surety Companies, who urged creation of a more favorable climate for rating bureaus.

—C. F. J. Harrington of National Assn. of Casualty & Surety Agents, who thinks the all industry law wording permits inspection of filings before approval, and who would like to see the practice adopted so that agents might inspect such filings.

Bradford Smith declared that North America has been an outspoken advocate of maintaining freedom of competition under state regulation. Such competition protects the public from gouging in other fields, and it will do the same in insurance.

Taking Mr. Smith up on this point, Mr. Alford pursued a line of questioning which implied that Mr. Smith was favoring a no-holds-barred contest for public favor. Mr. Smith set the record straight by repeating several times that his company advocates regulated competition. He stated flatly that NAIC should adopt the California type law, which is better than the all-industry law, in his judgment.

Mr. Smith said that the need for reformation of rating laws is amply demonstrated by the history of rate regulation under the all-industry law, which has required commissioners to dominate the entire area of fire and casualty rates, to substitute their judgment for that of underwriters, and to rely upon the close assistance of bureau companies which have been extremely hesitant to engage in healthy competition beneficial to the insuring public.

Mr. Gerber interjected that it is not the type of law in effect that leads to innovations in competition, but a "state of mind." In Illinois, there are plenty of innovations under the all-industry type law.

Mr. Parker quizzed Mr. Smith on the latter's contentions that a California type law is better from the standpoint of favorable rates and in protecting company solvency. Mr. Gerber wondered whether the California law has all the virtues claimed for it. He indicated that there is a lot of surplus lines business in that state. Mr. Smith retorted that there is a lot more in Texas—a highly regulated state—and a record number of insolvencies there as well.

Mr. Smith emphasized that no status should be accorded competitors to attack any individual insurer's rates or policy forms through administrative proceedings, court appeals or otherwise.

### Percy Chubb's Testimony

Earlier in the proceedings, Mr. Chubb had also maintained that a competitor is not an aggrieved party. Mr. Gerber pressed him on the question of amending the aggrieved party section of the law. Mr. Chubb said that section is necessary but not applicable to competitors.

The subcommittee tried to get Mr. Chubb to criticize individual state laws, but he deftly steered away from that area. He declared that his organization operates very well under the all-industry type law.

Mr. Chubb believes that a balanced market of bureau and independent companies can exist within the framework of the all-industry pattern, and that the resolution of certain unresolved issues within that pattern, either by administrative action, judicial interpretation, or legislation, is all that is required to create a good environment for sound future development. He also feels that a balanced market can develop and exist under a California type law.

Mr. Chubb also urged recognition by various regulatory authorities that applications for rate increases, where demonstrably justified, are entitled to prompt and sympathetic consideration.

Where pooled experience is pertinent to deviations or independent filings, Mr. Chubb noted, the right of the bureaus to call this to the attention of the regulatory authorities should be recognized, but the status of a bureau as an aggrieved party should be denied. The right to partial subscriber-

ship should be recognized, and existing requirements as to annual automatic termination of deviations should be repealed, he concluded.

K. O. Smith differed sharply with his namesake from North America and with Mr. Chubb, during his presentation. He also had some interesting verbal by-play with his other namesake, the Pennsylvania commissioner.

**Bureau As Aggrieved Party**

Mr. Smith of NYFIRO pointed out that the New York courts have upheld the bureau's status as an aggrieved party. He believes that maintenance of the one year deviation termination provision is a must.

Smith of Pennsylvania and Smith of NYFIRO went over semantic hurdles together and came out in a dead heat. NYFIRO believes in the provision that a filing and any supporting information shall be open to public inspection "after the filing becomes effective." Smith of Pennsylvania tried unsuccessfully to get his namesake to acknowledge that this language does not preclude inspection before effective date. The NYFIRO manager was put to another verbal test by the Pennsylvania official who asked him whether an "interested" party is per se an aggrieved one. The rating expert said he was not qualified to answer.

Mr. Gerber observed that a chaotic condition will result if competitors set themselves up as judges. Mr. Smith professed no such ambition; his organization simply desired to be heard under the law.

Mr. Smith said that NYFIRO takes no issue with deviations or independent filings provided, in its opinion, the rating system and rules and rates resulting therefrom meet the statutory standards and do not create a condition of unreasonable competition.

The bureau rates which are in effect have been reviewed by the New York superintendent and have been found to meet the statutory standards. Differences in rates may properly be developed upon provable differences in expenses on a credible statistical basis, provided that the differences in expense do not arise to any degree from the expropriation of bureau developed material by companies outside of the bureau in whole or in part. It should be recognized, too, that there may be differences in rates based upon the differences in services rendered to policyholders, Mr. Smith observed.

NYFIRO members must not be placed in a disadvantageous position competitively, either with subscribers or with independent insurers, he continued. The concept of rate regulation in which the supervisory official is required to review rate filings to determine whether they meet the standards of not being excessive, inadequate, unfairly discriminatory or otherwise unreasonable must be predicated upon his having sufficient data upon which to base his determination. He cannot take proper action within the meaning of such rate regulatory concepts unless he has before him credible data upon which to act. Rating bureaus by their very nature develop this data. There is little credible data outside the bureaus.

To the extent, then, that such rate regulatory concepts continue to be regarded as in the public interest, it is important that rating bureaus be given the full recognition, encouragement and support necessary to avoid unreasonable competition against members and subscribers which are using bureau rates, Mr. Smith concluded.

Smith of Pennsylvania chided Mr. Close for addressing himself only to item 10 on the day's agenda—the role of advisory boards, their function in rate making, and supervision to be exercised by the various states.

The subcommittee had asked for witnesses' comments on aggrieved parties, the deviation provision, provisions on rates, rules and forms, the deemer clause, partial subscribership, availability of filings for inspection, provision for approval or disapproval to include partial approval or disapproval, notice to rating organizations and any other provisions of the all industry bill that require further study and evaluation.

**Duplicate Memberships**

Mr. Close was pressed by Mr. Alford and others on duplication of membership on Inter-Regional's executive committee and governing board and on the governing committees of rating bureaus. Mr. Close said that Inter-Regional aims for diversification of representation on these separate bodies.

Harold L. Wayne, general manager of Inland Marine Underwriters Assn., did not take the stand but read a brief statement from the floor. He noted that inland marine and fire are dealt with in the all industry type of rate law. Legislative matters pertaining to inland marine have customarily been handled by National Board in collaboration with his association which has reviewed the board's statement prepared for the hearing. In that statement, rate regulation of fire business is covered without specific reference to inland marine.

The all-industry type of law recognized the special character of inland marine and has special provisions for that line. Since the subcommittee seems to be interested mainly in broad aspects of rate regulation, especially on mass-marketed business, Mr. Wayne thought it could serve no useful purpose at the hearing to outline any special approach to inland marine. He indicated his willingness to make a presentation later, if that becomes necessary.

Mr. Freeman reviewed the situation in his state where bureau membership is mandatory. He pointed out that his bureau was created by the legislature in 1928 and placed under the supervision of the state corporation commission. The bureau regards the commission as the representative of the

public, insurers and their agents, with the obligation of equitable treatment to each.

Decisions of the commission may be appealed directly to the supreme court of appeals. Any such appeal is placed on the privileged docket of the court.

**Rates Steadily Decline**

Mr. Freeman said that fire rates in Virginia have declined steadily for 30 years. In answer to a question by Mr. Gerber he said that his state's basic philosophy of uniformity still allows free competition. The state laws allow both small and large companies to flourish.

Mr. Freeman emphasized that the commission has declared and the Virginia supreme court of appeals has affirmed a definite policy with respect to the granting of deviations. They have recognized that all insurers do not operate in the same manner, and an insurer which by reason of its method of operation can operate at less cost should be permitted to pass on to the public such savings as result therefrom in the form of lower rates. This is fair both to the company and to the public and it has been the policy of the commission to permit those companies which have lower expense ratios than those established for all companies to deviate from the rates fixed by the commission, on the basis of such lower expenses.

It is interesting to note that the vast majority of deviations which have been granted by the commission over the years were unopposed by the rating bureau. The bureau has yet to exercise its right of appeal to the supreme court of appeals in the matter of deviations, Mr. Freeman concluded.

**"Reasonable Competition"**

The all industry bill nowhere refers to "competition" or "free competition," Mr. Berry pointed out, but to "reasonable competition." It provided for rating bureaus, their organization, functioning and regulation. "All this was meaningless if rating bureau members were to be under such a competitive handicap as to force their withdrawal. Yet that is what is now happening."

These developments have increased competition, he said, and unless some change is worked in company attitude, will continue to increase competition. The real question for commissioners is, what is "reasonable competition" and how can it be maintained? Bureaus have provided stability, given aid to commissioners, developed improvements, effected economies, erected statistical bases, and promoted safety and fire prevention work.

"But recent developments seem to indicate to a number of companies that this must end," Mr. Berry declared.

Under questioning by Mr. Gerber, Mr. Berry said that companies are getting out of rate bureaus because they feel that bureau filings are harder to get approved than independent filings or deviations. Some other vehicle would have to be developed, then, to do bureau work, Mr. Gerber asked.

Mr. Berry noted that there are presently more than 5,000 deviations and the number is going up. Many National Board members are using deviations, Mr. Berry said.

To Mr. Gerber's suggestion that the rate law be amended to provide for refiling of deviations only when there is a change in the rate level, rather than every year, Mr. Berry said it would be somewhat of a disservice to bureaus and bureau companies. Deviations should be reviewed at least as frequently as bureau filings are reviewed. Also, liberalizing the deviation provision is no service to the public because deviations tend to result in a narrowing of the market, a more serious problem to the public than the gain to a few from a price variation.

**Four Major Groupings**

Mr. Berry observed that the viewpoints of executives fall into four major groupings: (1) A number of companies favor a no filing law with the competitive market place fixing the price for all; (2) a number of companies favor no filing for class rated personal coverages with the present all-industry law continuing as to other types of coverage; (3) a number of companies favor filing but with the right to use such rates immediately, and (4) a number of companies favor retaining the all-industry pattern, with possible modification particularly in light of multiple line developments.

The companies favoring the no filing approach believe competition is so severe there is no danger to the public of an artificially high price, Mr. Berry observed. Rate and form changes could be made expeditiously "to satisfy the insuring public and to meet the competition," and departments would be relieved of the constantly increasing burden of passing on the growing multitude of deviations and independent filings. Bureaus would recommend rates with companies free to use or reject or modify. Bureau rules would be subject to approval by the commissioner. Through these rules the commissioner would obtain the statistical base by which to check compliance with statutory rate standards.

**Issues Then Moot**

If this course were adopted, eliminated from discussion would be the issues of aggrieved party, one year deviations, deemer clause, availability of filings for inspections, provision for partial disapproval, and notice to rating organizations.

The second course would leave personal lines to competition and require filing for lines generally subject to schedule or experience rating.

A few states now have a filing law with right of immediate use. It seems to permit prompt change of rates as experience indicates and relieves the department of responsibility for delay in increasing rates. This one would do away with the issues of deemer clause and inspection of filings.

Those favoring the all-industry laws, modified to accommodate multiple line developments, believe this the best way to preserve rating organization values and public services.

Mr. Berry said he b elieved that agreement on one recommendation might come quickly—in time for the San Francisco meeting of NAIC, perhaps, if the Washington state case is decided by that time.

National Board favors the rate bureau having the right to protest rates or forms independently filed by nonmembers or non-subscribers. It wants retained the annual review of deviations, the deemer clause, and notice to rating bureaus of rate or form variance by members or subscribers.

Mr. Berry thinks partial subscribership is a transition period problem, not yet solved. The all industry bills do not provide for public inspection for filings before they become effective—though Smith of Pennsylvania in his questioning of Mr. Berry and others indicated he thought the bills do not prohibit such inspection.

Mr. Berry said public inspection has raised no serious problems in Virginia but has produced such unruly and politically ridden public hearings in Massachusetts as to hinder rather than help the commissioner reach a just decision. He said there should be no power of partial approval or disapproval by the commissioner, and the board believes advisory organizations perform a useful function, by assisting rate bureaus, preserving sound statistical bases for rate making, and conducting research and making recommendations.

Mr. Barry, who once looked with favor upon Inter-Regional, now is opposed to it. He is especially irate at Inter-Regional's setting up a 60-34-6 arrangement for the 1959 homeowners with no supporting information and suggested that IRIC may be acting in fact as a rating organization. The formula of 60% for losses and loss adjustment expense, 34% for all other expenses including commissions, and 6% for profit, is applied without change in every state.

**Rubber Stamping Of Formula**

The "rubber stamping" of this formula by governing committees of local rating bureaus over the country is wrong, Mr. Barry declared, because not all members and subscribers of the rating organization are members o f Inter-Regional or even eligible for membership, and there are no supporting data filed with supervisory officials.

This is a rate war in the form of a commission war, he said. A few more commission cuts, he warned, and commissioners had better start watching agents' balances. He estimated that 80 to 85% of deviations are made at agent's expense. He said the homeowners expense ratio countrywide is 45 (not 34). He said his criticism of IRIC

carried with it also his condemnation of independent filings, deviations, etc., all of which "are making a farce of rate making and regulation."

The lengthiest—and gloomiest—testimony was presented by the mutual alliance. The alliance, Mr. Johnson brought out, sees the rate regulatory system deteriorating. The momentum of disintegration has increased as more insurers apparently have concluded that survival or individual company progress depends on breaking away from self imposed restrictions of co-operative rate making.

Yet because of the peculiarities of the product and the need for it by the economy, regulation is absolutely essential. Stability, safety and order in the business, which are essential to the public interest, requires cooperation of the business "and that insurers perform in concert those activities which lead to stability, safety and order."

**Double Standard Is Practiced**

Tougher standards are applied to bureau rates than to those of independents, he indicated. While most states rejected the double standard theory in adoption of rating laws, "most states did adopt the practice." The test of adequacy is practically forgotten. The fire and casualty business is confused and confusing and becoming more so, he declared. This is most evident in automobile but the fire business "is rushing down the same path."

The business seems to be entering a dog-eat-dog era with the big companies freezing out smaller competitors with loss leaders, commission wars, and the drying up of reinsurance facilities—or by absorbing them via merger.

**Urges Effective Regulation**

To produce order out of chaos, Mr. Johnson urged application by insurance departments of effective rate regulation; protection of bureaus against conditions that will destroy them so that rates can, as they must, be based on broad averages; the requirement of credible evidence for independent filings; standardization and uniformity of basic policy forms of coverage generally accepted by the public; general use by all insurers of statistical plans for standard forms; and correction of inequities created by use of bureau material such as rate level determinations by independents without compensating the bureaus.

It is quite important, he declared, that personal automobile and habitational fire insurance be readily available at reasonable rates and in satisfactory form and amounts. Yet new rating plans and new combinations of coverages are being developed as a thin disguise for an outright rate war.

The alliance favors bureaus as aggrieved parties; suggests a deviation period for as long as the rate is the same with a minimum of six months and maximum of three years; favors partial subscribership; and is against partial approval or disapproval.

**Good Word For Bureaus**

No study of the rating laws should be undertaken in terms of "independents vs bureaus," Mr. Gilmore declared. Anyway, the viewpoint is misleading since his association represents both bureau insurers and independents. However, bureaus perform many functions which benefit the public and the entire industry.

But it is uncertain whether rating bureaus can continue to function in the traditional manner with rules of adherence when more and more of the business is being written by insurers outside the bureaus.

"Companies will not continue their membership in rating bureaus if such membership impedes their ability to compete for a fair share of the business, including some of the preferred business," Mr. Gilmore stated. More companies may withdraw from bureaus, he said.

One of the goals of the commissioners should be to create a more favorable climate for the bureaus, he said, whether the bureaus continue with rules of adherence, operate as advisory statistical organizations, or function somewhere between these two extremes.

He discussed three possible approaches to rating law changes—no filing, immediate use of filed rates but subject to subsequent (but not retroactive) disapproval of the commissioner, and the all industry laws modified to accommodate current conditions. No filing could be followed without imposition of bureau rules. Or the bureau might apply rules that are subject to approval of the commissioner if he finds that (1) there is reasonable competition on the line, (2) the rule is needed to preserve a market broad enough to meet the needs of the public, (3) the rule is needed to develop a statistical base that will enable the commissioner to test rates against statutory standards, or (4) the rule is needed for record keeping purposes and to assist the commissioner in rate examinations.

He said the association does not favor open inspection of filings prior to effective date or power of partial approval or disapproval. It does favor notice to rating organizations and altering the hearing and judicial review provisions of the all-industry law to make them function more expeditiously. The association believes advisory organizations perform useful functions.

## Knutson Chairman And Jones President Of Iowa Hardware Mutual

C. A. Knutson has been named chairman and Edward C. Jones president and general manager of Iowa Hardware Mutual.

Also promoted were W. H. Clarke to 1st vice-president; D. E. Maron, vice-president and claim manager, and T. W. Menzel, secretary and office services manager.

Reelected were C. E. Dakin, vice-president and underwriting manager; D. J. Woodworth, vice-president and sales manager, and P. J. Hughes treasurer and accounting manager.

Mr. Knutson has been president since 1931 and a director since 1925. Mr. Jones has been with the company since 1936 and was named executive vice-president and general manager in 1956.

Messrs. Clarke, Maron and Menzel have been with Iowa Hardware since 1932, 1954 and 1949, respectively.

## Bullington Succeeds Merry With Traders & General

James D. Bullington has been appointed personnel manager of Traders & General. He succeeds Clarence L. Merry, former assistant vice-president and personnel director, who died April 2.

For two years Mr. Bullington has been assistant personnel manager. Prior to joining Traders & General, he was with the personnel department of Bethlehem Supply Co., Corsicana, Tex.

## Tells N. Y. Brokers State May Intervene In Auto Situation

Discussing the automobile situation at the annual luncheon of Insurance Brokers Assn. of New York, Joseph F. Carlino, speaker of the New York Assembly, said the legislature would if necessary evolve a program to provide BI and PDL coverage for the public.

Thomas W. Sweeney, vice-president of H. Mosenthal, and president of the association, commented on the inadequacy of the term "producer." He said the broker's most important function is the professional service he renders. Mr. Carlino reechoed these sentiments when he called brokers the personal counsel of insurance buyers.

The 500 persons present observed a moment of silence in memory of Berthold M. Harris, retired executive secretary of the association, who died recently. Mr. Harris had attended 46 annual luncheons of the association.

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**Standard Accident** has moved its Mt. Vernon, Ill., office to 1305 North Salem.



## Cedergren President, Toso Vice-Chairman Of Mission Of Cal.

Orrin C. Cedergren has been elected president of Mission of Los Angeles


H. J. Toso


O. C. Cedergren

and H. J. Toso has been elected vice-chairman. Mr. Cedergren was executive vice-president of the company. He replaces Sewall Brown, who has retired but will continue as a director. Mr. Toso is president of Sayre & Toso, which manages Mission.

Forrest Dunning, senior vice-president California Bank, has been elected a director of Mission. He replaces John B. Dunbar, who continues as financial adviser.

Chairman H. E. Sayre reported that Mission's assets on March 31 reached $4,856,588, an increase of $708,000 over Dec. 31. Premium volume for the first quarter totaled $1,500,023, compared with $454,626 for the same period in 1958.

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## *Smith In Higher Post With National Bureau*

Clayton G. Smith has been named senior assistant manager of the automobile division of National Bureau.

He started his insurance career in the Albuquerque claims office of Farmers of Los Angeles in 1952. Later he practiced law at Stevens Point, Wis., and was a staff attorney with American Mutual Insurance Alliance before joining National Bureau in 1959. He was named assistant manager of the automobile division later that year.

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## Card Ready For Vt. Agents' Spring Meet

A varied program has been arranged for the spring meeting May 15-16 of Vermont Assn. of Insurance Agents at Woodstock Inn, Woodstock.

The business session will open with reports of the association's committees and report on the state insurance program. Talks by Samuel J. Hatfield, Burlington manager of New England Fire Insurance Assn., and R. C. Shipley, National Bureau manager at Portland, will follow.

Herbert J. Kramer, director of the public information and advertising department of Travelers, will speak on public relations for the independent agent. John Adams Jr., vice-president of Worcester Mutual, will open the afternoon session with a talk on "Cause and Effect." Roy A. Duffus of James Johnston agency, Rochester, N. Y. will speak on how the agent can improve his operation.

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## Sheehan Resigns As V-P Of Guaranty Security Of Minn.

Cyril C. Sheehan has resigned as executive vice-president and director of Guaranty Security of Minneapolis. Previous to joining Guaranty Security, Mr. Sheehan was insurance commissioner of Minnesota from 1953 to 1959. No plans for his future activities were announced.

## Insurers Protest AEC Administration Of Nuclear Covers

Charles J. Haugh, vice-president of Travelers, and Hubert W. Yount, executive vice-president of Liberty Mutual, protested the administration of the atomic energy act at a hearing of the joint committee on atomic energy in Washington. Mr. Haugh is chairman of the atomic energy committee of American Insurance Assn., and Mr. Yount is chairman of the underwriting committee of Mutual Atomic Energy Reinsurance Pool and a member of the governing committee of Mutual Atomic Energy Liability Underwriters.

Mr. Haugh said that he does not believe the act was designed to provide a substitute for private insurance. But the present administrative pattern under the license program leads to that result. It exposes government funds and resources to liabilities which industry may suffer in areas where private coverage is available.

The indemnity provision of the act is being applied not only to serve its announced purpose of protecting the public and encouraging the development of the atomic energy industry, but to drive private insurers out of a large part of the nuclear liability field, Mr. Haugh concluded.

Mr. Yount referred to the gradual attrition of the private insurers' function, beginning with the decision two years ago to reduce the financial protection required of colleges and nonprofit institutions. More recently the Atomic Energy Commission has set low levels of financial protection required of licensees, and has decided not to subject to any requirements commission contractors engaged in activities which would qualify for a license if the facilities used were privately owned.

The present policies of the commission, with respect to levels of protection required of licensees and to the indemnity program for certain government owned reactors, if continued and developed, will defeat the government's aim to develop a self sustaining nuclear energy industry with private insurance as an essential part, Mr. Yount concluded.

### Automobile Claims Assn. Of N. Y. Elects Officers

Automobile Claims Assn. of New York has elected Forrest McVean of Hanover president to succeed Mario R. Cacace, American Plan Corp. Howard E. Weed, Boston, was elected vice-president; T. E. Hickman, America Fore Loyalty, treasurer; and William Ennis, American Home, secretary.

### Bars AR Fees In MD.

Commissioner Sears of Maryland has issued a new regulation which makes it illegal for any broker, agent, or solicitor to charge a fee for assisting insured in preparing applications for assigned auto BI and PDL insurance.

The commissioner said that some brokers allegedly have been charging insured fees in addition to their commissions for getting AR coverage.

### *Hannapel Retiring At Chicago*

Peter J. Hannapel, chief accountant of Hartford Live Stock at Chicago, is retiring next month. He joined the company more than 25 years ago as a bookkeeper and was named chief accountant in 1942.

## *Card Outlined For Am. Mutual Alliance Meeting May 9-11*

A survey in depth of current developments in the property-casualty field, with emphasis upon the regulatory picture, will be featured at the annual meetings of American Mutual Insurance Alliance and its affiliated organizations, May 9-11, at Chicago. Other associations holding meetings will be Federation of Mutual Fire Insurance Companies, National Assn. of Automotive Mutual Insurance Companies, and National Assn. of Mutual Casualty Companies.

The alliance meeting will open with an address by President Hathaway G. Kemper, chairman of Lumbermens Mutual Casualty. Director Gerber of Illinois will speak on regulation and the general economic prospects will be presented by James H. Lorie, associate dean and professor of business administration of the University of Chicago graduate school of business.

The opening afternoon session will be devoted to discussion of "Operating Trends as Seen from the President's Desk." Principal speaker will be Frank Lang, New York City insurance management consultant.

Speakers at the second morning session will be George D. Haskell, tax economist of AMIA, on federal income taxation of mutual property-casualty companies; John Keyser, Kalamazoo, president of National Assn. of Mutual Insurance Agents, on the impact of current changes upon the agent; Richard K. Fowler, assistant vice-president Indiana Lumbermens Mutual, on package policies; and Clyde H. Graves, actuary Mutual Insurance Rating Bureau.

The alliance annual business meeting will be May 11.

## Crop Hail Assn. Takes Responsibility Of Rain Insurance

(CONTINUED FROM PAGE 1)

since which have opened up new areas.

Company groups within Crop-Hail Assn. that are writing hail insurance or intend to get into the line actively are Crum & Forster, Hartford Fire, Home, National Fire, Rain & Hail Insurance Bureau, St. Paul F.&M., Standard Accident and Commercial Union-North British. Robert E. Hainline, Hartford Fire, is chairman of the Crop-Hail rain insurance committee. His group is engaged in studying form revisions, some of which will be announced next year.

Rain insurance protects the insured for either his expenses in connection with an outdoor event or loss of expected income for an event that is cancelled or postponed because of rain. Rates are based on the hourly precipitation records of the weather bureau. The insured buys coverage for a specified time, usually only a few hours, and an agreed minimum amount of rain must fall, from 1/100 of an inch to 1/10 of an inch or more. One-tenth of an inch is the usual amount.

Currently rates run between seven and 10%. At a full 10%, the annual industry premiums of $300,000 indicate that only $3 million of exposure is being covered. The line is believed to have a potential of more than 20 times the current premium volume if agents become aware of it and promote it with some regularity. Company people are of the opinion that nearly all agents either don't sell rain insurance for lack of information about it or are unaware of its existence.

It is a coverage that can be sold on county fairs, carnivals, outdoor sporting events such as baseball, football, boxing, etc., theatricals, band concerts, motion pictures, concessions, races, dances, aviation meets, or even company picnics, outdoor wedding receptions and so on.

The most widely used form is a valued policy covering expenses and income for any class of event or business, whether for profit or not. The insured receives full payment, not to exceed 100% of the policy, of either his net expenses, or 60% of the gross income of the last previous event not affected by rain, or 60% of the gross profit of the last previous event not affected by rain.

Another popular form covers income and expense for the difference between the amount of insurance and the income received, not to exceed 100% of the gross income of the previous event, with rainfall on the basis of 5/100, or 1/10 or 2/10 of an inch. If there is no previous experience on the event, insurance is limited to the expenses of the insured event. This is considered good coverage for income or expected profit on band concerts, boxing matches, outdoor motion pictures, concessions, dances, races, football games, etc.

A third form covers expenses without providing for loss of expected income only if the event is abandoned or postponed by reason of rain.

Another form is for income only, allowing the difference between gross income received and anticipated income, but not to exceed the face of the policy. The insured chooses measurable rainfall of either 5/100, 1/10 or 2/10 of an inch. This is coverage that is designed for fairs and carnivals that have been held for three years and for which gross income has been in excess of $5,000 or $10,000.

## R. S Hanson Succeeds J. E Hanson At Helm Of Am. Hardware Mutual

J. E. Hanson, president of American Hardware Mutual, announced his retirement at the company's annual meeting in Minneapolis last month. Named to succeed him was R. S. Hanson (no relation), formerly executive vice-president.

R. S. Hanson

J. E. Hanson, was with American Hardware Mutual for 34 years, serving as loss manager, chief accountant, secretary, treasurer, general manager and executive vice-president.

R. S. Hanson has been with the company since 1936 for military service. He is a Phi Beta Kappa graduate of the University of Minnesota and was made vice-president of the company in 1947. In 1959 he was elcected executive vice-president and a director.

## Cal. Retaliatory Tax Goes In Effect May 26

With a modification of provisions which created objections at recent hearings, Commissioner F. McConnell has set May 26 as the effective date of California's retaliatory tax act. The hearings were conducted by Deputy Commissioner Frank Fullenwider who wrote the order setting the new law into motion.

After a review of the proceedings and reasons for the modification—which, in fact, gives the commissioner discretion in requiring such a tax from certain types of insurers, classes, etc. the order reads:

**Text Of Order**

"Annually, on or before May 1, every foreign insurer engaged in the business of insurance in the state of California in the preceding calendar year shall file with the insurance commissioner a statement in the form prescribed by him setting forth such information as will permit the commissioner to properly administer the retaliatory provisions of . . . the insurance code. The commissioner may waive such filing with respect to the insurers of a state or province or of any class of insurers of a state or province if he determines after an analysis of the laws of such state or province relating to taxes, licenses and fees and their application by that state or province and of such laws of the state of California and their application that under no circumstances will a retaliatory tax be due from such insurers."

## N. Y. Board Nominates H. J. Landen As President

Harry J. Landen, vice-president of Springfield F.&M., is nominated for president of New York Board at its annual election May 18. He will succeed Eugene C. Richard, vice-president of American. Harry W. Miller, general U. S. attorney of Commercial Union-North British, is nominated for vice-president.



# WANT ADS

# Editorial Comment

## Where Buying Habits Originate

Insurers—at long last awakened to their primary function of marketing—are rapidly compiling an entirely new lexicon of catch phrases on selling. One of these is "reshaping insurance buying habits." This high sounding aim needs analysis.

To begin with, insurance buying does not occur often enough to be a habit. Insurance is one of the most infrequent purchases made by the typical buyer of products and services. He or she buys food almost daily, clothing seasonally, a car perhaps annually, home furnishings occasionally, and luxuries and amusements regularly, depending on economic status.

Things that the buyer can eat, wear, ride in, gain status or be glamorized by are being bought constantly. Therefore, it is the purveyors of these who shape public buying habits for everything, including insurance. The typical customer today has one buying habit, not a series of them for specific goods or services.

What is that habit? It is to seek the best price, with due consideration to subsequent service if required; to buy as many products under one roof as possible in order to save time, and to lump purchases in a budget arrangement; to forego some of the niceties of service, and to endure moderate inconvenience if money can be saved. A typical shopping foray by today's buyer in the supermarket or in a department store illustrates this truth.

This integrated attitude toward all buying was shaped and irrevocably established decades ago by the merchandisers of the products bought every day, or at least frequently. Even the so-called modern merchandisers in insurance—competitors of the traditional companies—had nothing to do with changing fundamental buying habits. They merely sized up an obvious situation and accommodated their operations to it.

Thus, traditional insurers, instead of devoting time and efforts to reshaping the buyer's habits—a task already accomplished—should concentrate on reshaping their own operations, services, and, above all, their attitudes toward the customer. He is not going to change to suit them. But when they change to suit him, he'll be ready to respond with patronage.—J.N.C.

## The One Exception

One of the highly interesting phenomena at most conventions in these confused days in the business is the inevitable debate on the value of automation in insurance.

Participants in these discussions every morning awaken to a breakfast including fruit juice, coffee, milk, and cereal—squeezed, processed, bottled and packaged by automation for delivery fresh to the table at economy prices. While breakfasting, they read a newspaper whose newsiest items have been electronically received by the publication. They also listen to the radio which utilizes electronics in many ways to bring them, among other things, the weather prospects for the day and a report on road conditions.

They may receive the morning mail which has been sorted by automation at some point for faster delivery to them. They may drive to work in a car which they could not afford if it were not largely assembled by automation. They are made safer by traffic controls, electronically tripped. When they reach their office building, they may ride in an elevator which is electronically controlled. They spend the day in air conditioned surroundings with thermostatic devices in which electronics plays a part. During the day they may use dictating equipment, also involving electronics.

Home in the evening, they square away to a meal including foods which could not be made ready for the table at reasonable prices without automated processing, distribution and retailing. After dinner, they turn to TV —a form of automated entertainment made possible by electronics. While watching it, they may enjoy snacks, cigarettes or beer likewise produced.

Practically everything with which they come in contact during the day for their creative comforts, the better performance of their jobs, and enjoyment of their social life, depends on automation.

When these beneficiaries of automation wish to go to a convention to speak on electronics, they call the airline where their reservations and tickets are electronically recorded and billed. They ride in a plane which is largely controlled by radar and electronics. They stay in a hotel where automation makes life pleasant. They may pay the tab with a credit card—part of an automated system which adds to their convenience. Finally, they deliver their speeches expressing wonder about the value of electronics in insurance through a microphone—another electronic device—J.N.C.

# Personals

Commissioner **J. Edwin Larson** of Florida has been elected Grand Master of the Grand Lodge of Masons, the highest honor in Florida masonry. He will head the 67,000 Blue Lodge Masons in Florida.

**William H. Wiley**, executive secretary of Connecticut Assn. of Insurance Agents, and Mrs. Wiley left New York May 6 for a seven week trip to England, Denmark and Holland. He will resume his association duties June 28. Miss Mary Battista, Mr. Wiley's assistant, is filling in for him while he is vacationing.

**Morton T. Jones**, president of Kansas City F.&M., tied or possibly broke the world's record for a king mackerel while fishing in Florida waters. Mr. Morton's catch weighed 58 pounds and was five feet, three inches in length. Application has been made to International Game Fish Assn. for recognition.

# Deaths

**GEORGE R. ROBERTS**, 75, president of the George W. Roberts & Son agency of Chicago until his retirement two years ago, died in suburban Lake Forest. He had been in the business since 1905, and with his father, he formed the Roberts agency in 1910, becoming president in 1916. A member of the Chicago Board for 50 years, Mr. Roberts had served as its treasurer.

**HAROLD A. STEVENS**, 55, state agent in Indiana for Boston, died at Indianapolis of a heart attack. He had also been with Illinois Inspection Bureau and American. He was a past president of Indiana Capital Stock Insurance Assn.

**ROY A. HESSE**, 57, executive vice-president and a director of Bituminous Casualty, a recognized underwriting authority in the field of workmen's compensation and liability, died in a Rock Island hospital. He underwent major surgery about three weeks ago and had been confined to the hospital until his death.

Roy A. Hesse

He was a graduate of Purdue University. He entered insurance in St. Louis in agency work until 1936, when he became manager of the Bituminous branch there. In 1941 he moved to Rock Island as manager of underwriting. He was named executive vice-president of Bituminous Casualty and Bituminous F.&M. in 1951.

**C. HENRY HOLTERMANN**, 78, retired vice-president of Bakers Mutual of New York, died at Richmond Memorial Hospital, Staten Island, N. Y. He had been a vice-president of the company for 11 years when he retired in March.

**WILLIAM E. BISHOP**, who headed his own adjusting firm at Birmingham, Ala., died there after a short illness.

**BERTHOLD M. HARRIS**, 82, retired executive secretary of Insurance Brokers Assn. of New York, died at Mount Sinai Hospital, New York. A licensed broker since 1904, he was executive secretary of the brokers' association from 1916 until 1951.

**JOHN H. HEIN**, 54, vice-president of Victor O. Schinnerer agency, Washington, died in the hospital there after a short illness. He was with Aetna Casualty in Washington from 1938 until 1943, when he joined the agency.

**JOSEPH A. CARLIN**, 75, public adjuster in St. Louis for 55 years, died. He was with Harris, Carlin & Ibur, now Ibur & Associates, until he retired in 1958. He was one of the founders in 1921 of the Great & Jovial Order of Cats Meow and twice served as president.

**C. FRANK ENNIS**, 67, an underwriter of Corroon & Reynolds for 40 years, died at Overlook Hospital, Summit, N. J.

**HARRY M. FIRESTONE**, 66, Brooklyn broker, died at Miami Beach. He was past president of Independent Insurance Brokers Assn. of Brooklyn. His home was at Oceanside, N. Y.

**JOHN C. KENYON**, 63, manager of General Adjustment Bureau at Clarksdale, Miss., died at Clarksdale Hospital. He had been with GAB at Clarksdale for 26 years.

**FRANK V. CARLOUGH Sr.**, 81, Newark local agent for 50 years, died from a heart ailment at Orange Memorial Hospital. He founded the agency in 1908 and was its president until two years ago when his son, Frank V. Carlough Jr., became president. The


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lder Mr. Carlough continued as vice-president and treasurer.

**G. BADGER McLEOD**, former Lumberton, N. C., local agent, died at his home there after a long illness. He was past president of Stock Insurance Agencies of Robeson County. He founded the agency in 1927 and retired in 1955. He was succeeded by his son,

**ALBERT L. NILSEN**, 66, treasurer of Service Fire 12 years until he retired last year, died at his home in Plainfield, N. J.

## Three Groups Start National Conference Unit For Producers

National Insurance Producers Conference has been formed by National Assn. of Surety Bond Producers, National Assn. of Casualty & Surety Agents, and National Assn. of Insurance Brokers. The new group will provide a forum for the discussion of national problems confronting producers, and will enable them to present recommendations to other insurer groups as well as to state and federal agencies and regulatory bodies.

The conference, according to its organizers, will not be another producers' association superimposed upon existing bodies, but will be an informal organization without dues, headquarters or permanent officers or directors. Each member group of the conference will be entitled to two delegates and a staff member at each meeting. The chairmanship will be rotated among the membership.

Named to the conference as delegates are Donald H. Denton, Charlotte, N. C., and Ralph Neely, Oklahoma City, for National Assn. of Surety Bond Producers; Walter M. Sheldon of Alexander & Co., Chicago, and Guy T. Warfield Jr., Baltimore, for National Assn. of Casualty & Surety Agents; and Merlin J. Ladd of Boston and Melvin A. Holmes of Frank B. Hall & Co., New York, for National Assn. of Insurance Brokers.

### No Action By NAIA

At its midyear meeting in Cincinnati last week National Assn. of Insurance Agents took notice of but no action on proposals for the formation of a joint producers council with National Assn. of Mutual Insurance Agents, National Assn. of Insurance Brokers and National Assn. of Casualty & Surety Agents.

H. H. Nelson, Council Bluffs, Iowa state director, reported on the negotiations which have taken place along this line.

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## Cuts Cal. Auto Commissions

California agents and brokers of Massachusetts Bonding have been informed that as of June 1 automobile commissions will be reduced. The new schedule calls for 15% on BI, 15% PDL and 20% PHD. Class 2 risks will command only 10%.

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### Two More Notches For O'Connor

E. H. O'Connor, managing director of Insurance Economics Society, this week addressed the insurance law committee of Chicago Bar Assn. on medical care for aged citizens and the annual insurance seminar for buyers at Illinois Wesleyan University on "Social Security—86th Congress Style."

**Chicago chapter** of Society of Fire Protection Engineers will hear Gordon B. Thayer of Dow Chemical Co. at the May 24 luncheon. He will speak on fire hazards of the plastics industry.

# Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. La Salle St., Chicago, May 3, 1960

| | Bid | Asked |
|---|---|---|
| Aetna Casualty | 78½ | 81½ |
| Aetna Fire | 71½ | 74¼ |
| American Equitable | 41¼ | 43½ |
| American, Newark | 25½ | 26¾ |
| American Motorists | 14 | 16¼ |
| Boston | 33 | 34¾ |
| Continental Casualty | 68¾ | 72¼ |
| Crum & Forster | 58 | 61½ |
| Federal | 53 | 55½ |
| Fireman's Fund | 49½ | 52¼ |
| General Re. | 94 | 98½ |
| Glens Falls | 33½ | 35¾ |
| Great American | 41¼ | 44 |
| Hartford Fire | 48¼ | 51½ |
| Hanover | 40¼ | 43½ |
| Home of N. Y. | 55¼ | 57¾ |
| Ins. Co. of No. America | 123 | 131 |
| Jersey Ins. | 32½ | 37¼ |
| Maryland Casualty | 31½ | 34¼ |
| Mass. Bonding | 40½ | 44 |
| National Fire | 138¼ | 144 |
| National Union | 36 | 39½ |
| New Amsterdam Cas. | 45½ | 48¼ |
| New Hampshire | 50 | 53 |
| North River | 35¾ | 38½ |
| Ohio Casualty | 25¾ | 28¼ |
| Phoenix, Conn. | 78¾ | 83½ |
| Prov. Wash. | 21¾ | 23¼ |
| Reins. Corp. of N. Y. | 21¼ | 23½ |
| Reliance | 50½ | 53¼ |
| St. Paul F. & M. | 53¾ | 56½ |
| Springfield F. & M. | 30¼ | 32½ |
| Standard Accident | 46¾ | 49½ |
| Travelers | 74¾ | 78 |
| U. S. F. & G. | 36¾ | 38½ |
| U. S. Fire | 27⅝ | 29⅞ |

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## Study Shows 24% Of Fire Premiums In Tex. Are Deviations

DALLAS—A written-paid loss ratio of 45.3% on all fire and EC business in Texas in 1959 has been reported in a special table prepared by the department in a study of deviated rate filings in the dwelling field.

Total fire and EC written premiums for 1959 were $133,474,483, a gain of more than $7 million for the year, and paid losses amounted to $60,461,386. Of the total, fire premiums aggregated $81,227,826, with a loss ratio of 46.4%; EC inland $36,577,063 and loss ratio of 45.9%, and EC seacoast $15,669,594 and 38.4%.

Dwelling premiums amounted to $56,838,576, with a loss ratio of 47.7%. Of this total, the deviated premiums amounted to $13,826,627, or 24.3%, and the average deviation was 19.2%.

The table also gives a breakdown of deviated business, showing the following: Fire premiums of $6,503,049, or 24.3% of the total; EC inland premiums $4,213,604, or 19.3%, and EC seacoast $3,110,074, or 37.3%.

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## Chicago Juries Reverse Trend, Favor Plaintiffs

Of 15 decisions turned in by juries handling personal injury cases in Chicago and Cook County last week, seven were for the defendant and eight for the plaintiff. Damages awarded amounted to $76,275, according to figures compiled by Cook County Jury Verdict Reporter.

This was one of the few weeks since courts opened in Chicago Sept. 1, 1959, after the summer recess that the plaintiffs had had the numerical edge in decisions. Since Sept. 1, defendants have won 215 cases and plaintiffs 191, total damages awarded amounting to $4,735,578 out of a total demand of $9,264,045.

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**James E. O'Rourke**, formerly with North America, has joined Maryland General agency of Hagerstown as an underwriter.

## Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago.

Word last week of Connecticut General's latest frustration in its aim to become an omnibus insurance house caused a little ripple in the markets. C. G. stock declined about 10 points to about 325. Aetna Insurance and Phoenix were only mildly sensitive to the adverse New York supreme court decision, the former yielding about 2 points and the latter 3. The inference was that they were selling on their merits and not much on the prospect of becoming cemented to a life insurance structure.

The C. G. decision was filed April 1 and was reported in the N. Y. Law Journal April 5, but escaped general notice for three weeks. C. G. has already appealed to the appellate division. There will probably be a hearing in September and a decision shortly thereafter. Besides this there are two superior recourses—N. Y. court of appeals and U. S. Supreme Court.

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Fire and casualty stocks behaved well last week in the face of a deteriorating general market. Home and Great American were especially resistant. Continental Casualty was the star performer. After having retreated to about 65½, it moved rapidly to nearly 70 on the strength of important institutional buying.

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Springfield's intended acquisition of the profitable Freeport Ins. Co. had no effect on the stock. Freeport's shares have been very closely held. Springfield-Monarch gains increasing respect in the market. There was a natural affinity and the combination is a full merger with a new identity, image and development of common resources. The addition of a choice grass roots company still further enhances the situation. It is comparable to General Casualty entering the Reliance tent and Maine Bonding teaming up with Northern Insurance. Each of those ties is exhilarating. The differences between the junior and the senior organizations strengthen the new complex.

The task will be to keep the kind of spirit alive that made the local, proprietary institution the economical and profitable operation that it was.

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Life stocks continued to sag last week and started off the new week listlessly. This was due mainly to being quoted down rather than being sold down. In the absence of buyers, the dealers reduced their bids so that the occasional seller had to accept wry terms. There was one sizable liquidation in the form of a special offering of 6,000 shares of Franklin Life at a price of $81. This was handled jointly by Dempsey Tegeler of Chicago and Rauscher, Pierce & Co., Dallas. It came out on a bad day in the market but most of it was disposed of quickly and only a fraction remained by this week.

Buying developed in Life Companies, Inc., and this issue improved by a point.

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First quarter results of fire-casualty companies are now being reported. They will show improvement of 5 to 10 points in combined loss and expense. January was good, February was a dream month, but March put an end to the idyll. There was a shrinkage in assets due to the poor stock market but bond accounts recovered handsomely, so that on balance on a market basis, the decline was usually moderate. The stocks of these companies never sold up in full sympathy with the enhanced portfolio values. Investors give greater heed to the turn of profits. Especially heartening is the increase in investment income which is the stuff of which dividends are made. Increases of 10% or so are common. Hanover probably wins the I. I. Oscar, as they are running 25% ahead. Investment income of $5.50 per share is possible and Hanover has a tax credit of $6 per share. They sold low yielding high priced stocks last August and switched to high returns.

Premiums generally are up for the quarter. If underwriting tension continues to ease and 1960 in its shortening days looks profitable, dividend increases will be very much in order.

There have been some ugly contract bond losses that will mar some of the results. Also aviation catastrophes have been troublesome.

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Automobile assigned risk deficits are disturbing. Hence the hearings on this in New York are significant. There seems to be hope for some relief, but the political pressure of the glycerine tear for the "clean risk" is discouraging. What a name! It is a martyr's crown. Call it "shady risk" if "smelly" is too offensive. Unless this assigned risk drain can be stopped it will cast a hard shadow on an otherwise improving situation. For instance Allstate alone had $10 million in assigned risks last year in New York on which the loss ratio exceeded 100.

A growing form of skullduggery is said to be the practice of one "clean" risk always driving the car of a fellow "clean" risk and vice versa so that when the accident comes there is 20/40 limits of liability.

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**Century Shares Trust**, the mutual investment company that is invested 90% in insurance shares, finds that the fire-casualty companies in its portfolio last year had an increase in net premiums of 8.6%, in net investment income of 8.7%, in net earnings of 60.8%, in cash dividends of 7.9% and that the pre-tax coverage of dividends by net investment income was 2.2 times. — | | | — **Nationwide Corp.** got excited on reports that it is due for listing on the N. Y. Stock Exchange. It ran up from 36 to 40, but quickly retraced its course. — | | | — **Mass. Bonding's** quarterly dividend went up from 40 cents to 50 cents, thus making the yield close to 5%.— | | | — A well known investment advisory service May 2 recommended **Transamerica** under the caption "Growth Promise in Transamerica." It is described as "soberly valued to buy for long term appreciation." — | | | — A registration statement covering 128,000 shares of **National Old Line** has been filed with the SEC. This does not represent new financing by the company. Equitable Securities Corp. of Nashville is the underwriter.